FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,258 Tuesday September 2 1980 25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 600; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

China plans economy changes

Plans to restructure the Chinese economy away from the rigidly centralised Soviet model, are emerging from the Parliament in Peking.

The most radical measure proposed is official encouragement for the operation of market forces. More competition among enterprises under the planned economy is also envisaged.

The changes have been put forward by Yao Yilin, head of the State Planning Commission, China's main economic planning body. Back Page

Company fined

Andrew Scott (Civil Engineers) of Port Tadlbot was fined £250,000 and two former mayors of the town were given suspended jail sentences after pleading guilty to charges of conspiring to commit corruption over a town centre redevelopment.

Protest ends

Five prisoners came down voluntarily from the roof of Walton jail, Liverpool, after spending the day there in an unexplained protest.

Iran proposal

Iran Parliament's Foreign Affairs Commission has called on the U.S. to acknowledge its past role in Iran and return the Shah's wealth as the first step towards solving the hostage crisis.

Policemen jailed

Four policemen, including an inspector, were jailed for between nine and 18 months at the Old Bailey after admitting a £2,500 theft from a London clothing shop.

Lorry explosion

Security forces escaped unhurt when the milk lorry from which part-time Ulster policeman Wally Allen was kidnapped on Sunday blew up while a milk container was being removed.

Begin snubbed

Attempts by Israeli Prime Minister Menahem Begin to find a Defence Minister were set back when his candidate, Professor Moshe Arens, declined because he opposes the Camp David accords. Page 3

Linowitz meeting

U.S. special envoy Sol Linowitz conferred with Israeli Prime Minister Menahem Begin for three hours but made no apparent progress towards reopening autonomy talks with Egypt.

Rail cuts soon

British Rail will introduce the first of its 2 to 5 per cent emergency cuts in services next month.

£2m drugs haul

Heroin and cocaine worth more than £2m have been seized by customs officers in two operations at London, Dover and Heathrow airport.

Giscard ahead

French President Giscard d'Estaing would easily win next April's presidential election if it were held now, according to an opinion poll. Page 2

Briefly . . .

Australia were 106 for 2 at close of play, after England were dismissed for 205 (Boycott 62) in the Centenary Test at Lord's.

Seven miners were injured in an underground train crash at Maltby colliery, near Rotherham, South Yorkshire.

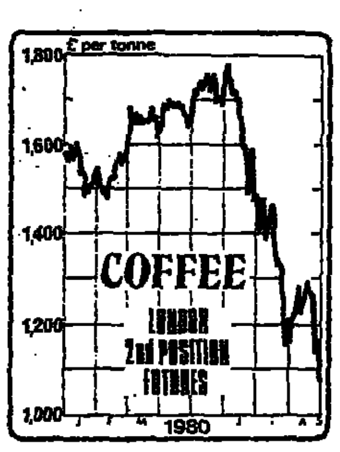
First Chinese Ambassador to the Irish Republic, Mrs. Gong Pusheng, arrived in Dublin.

Weather is expected to be settled over the next month. Long-range forecast, Back Page

BUSINESS

Coffee at two-year low; gold down $4

● COFFEE: futures prices were the lowest for two years. November futures lost £39 to £1,075.50 a tonne. Page 33



● GOLD lost $4 to close at $628.50. Page 29

● STERLING closed at $2.4070 from $2.3965 on Friday. Its trade-weighted index was 76.5 (76.2). DOLLAR was slightly weaker, closing at DM 1.7875 (DM 1.7910) and SwFr 1.6455 (SwFr 1.6485). Its index eased to 83.8 (84.1). Page 29

● GILTS improved on confidence generated by the stronger pound, with the Government Securities Index gaining 0.37 to 68.09. Page 34

● EQUITIES opened the new trading account uninspiringly on recession worries. The FT 30-share index closed 3.2 lower at 480.7. Page 34

● OVERSEAS EARNINGS of City financial institutions fell to £1.86bn last year, from £2.34bn. Back Page

● UK CURRENT ACCOUNT deficit was £1.86bn last year, not £2.32bn, revised figures show. Page 6

● INDIA announced a five-year investment programme worth £85bn, intended to fuel economic growth of 5.3 per cent a year to 1985. Back Page; details Page 3

● COFACE, France's State-controlled export credit bank reported a FFr 1.5bn deficit for 1979 (£152m) blamed on loss-making contracts guaranteed in Third World countries. Page 4

● MATSUSHITA ELECTRIC plans Japan's largest ever public share offering—60m shares to raise about Y44bn (£84m). Page 28

● CHEMICAL industry profits this year could be the lowest in real terms since the war, the Chemical Industries Association said. Page 6

● F. W. WOOLWORTH announced price cuts averaging 10 per cent in a bid to boost sales. Page 6

● STEEL plant at Consett, due to be closed by BSC, was discussed by Industry Department officials and an interested private consortium which is considering a bid. Back Page

● SEAT, Spain's largest car manufacturer, is to receive a Government capital injection of Pts3.5bn (£20m), opening the way for Toyota to buy Fiat's 32 per cent shareholding. Page 27

● LUCAS INDUSTRIES agreed pay increases averaging 10 per cent with about 12,000 workers at 25 factories. Page 8

COMPANIES

● LINFOOD HOLDINGS announced pre-tax profit of £10.21m for the year to April 26, up £2.66m. Page 22; Lex, Back Page

● ELECTRICAL and Industrial Securities improved first half pre-tax profits by 17 per cent to £1.06m. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Treas. 12¼pc 1993	£93⅞	+ ⅛	Brit. Aluminium	173	− 5
Exch. 12pc 1999-02	£90	+ ⅞	Cosalt	31	− 5
Aero & General	440	+ 15	Grand Met.	155	− 4
Bank of Scotland	268	+ 8	Haynes Publishing	138	− 14
Brocks	26	+ 8	Berkeley Exploration	163	− 10
Coral Leisure	65½†	+ 5½	Cluff Oil	290	− 25
Goldman (H.)	23	+ 2	Ashton Mining	138	− 9
Hawthorn Leslie	120	+ 8	Cent. Pacific Mins.	£30⅞	− 1⅛
Hutchison Whampoa	115	+ 11	Oakbridge	190	− 13
Linfood	159	+ 5	RTZ	432	− 10
Minster Assets	56	+ 5	Utah Mining Aust.	250	− 15
Mitchell Cotts	46½	+ 2½	Ventersport	749	− 24
More O'Ferrall	92	+ 8	Western Mining	278	− 11
Rush & Tompkins	204	+ 8			
Thorn EMI	368	+ 10			
Tilling (T.)	169	+ 5			
Vosper	105	+ 10			
Westland	115	+ 5			
Whitworth Elec.	31	+ 10			
Bond Corp.	136	+ 12			
Lydenburg Plat.	188	+ 28			
Rustenburg	287	+ 17			

† Price at suspension

Grand Met makes agreed bid for Coral Leisure

BY IAN RODGER

GRAND METROPOLITAN is making an agreed bid for Coral Leisure by way of an exchange of shares, 10 days after Coral's interim report showed profits had collapsed.

The deal between the two large leisure groups involves the exchange of 13 Grand Met. shares for every 20 Coral shares and, at the price of 155p on Grand Met. shares at yesterday's close, it puts a value of 101p on each Coral share or £85m on the company as a whole.

Coral has been in the news for much of this year with the licences of its four London casinos under threat from the police and the Gaming Board. The casino provided more than a third of Coral's £33.3m trading profits last year.

Coral's other businesses include Pontin's Holiday Camps, acquired in 1978 for about £50m in cash and shares, and a chain of more than 600 bookmaking shops.

Grand Metropolitan is also in gaming through its Mecca bookmaking shops, as well as hotels, casinos, and drinks businesses.

The Coral share price has hovered near 54p, its low for the year, since the interim report. However, the shares opened at 60p yesterday morning and rose to 65.5p before being suspended at the company's request.

At the suspension price the market was placing a value of £55.3m on Coral, which means that Grand Met is offering a substantial premium for the acquisition.

"It is a matter of judgment." Mr. Stanley Grimstead, managing director of Grand Met, said. "It is a business very similar tot our own and we think it is a fairly natural marriage."

Mr. Grinstead was uncertain whether the takeover, if it succeeded, would result in a dilution of Grand Met earnings this year. Full acceptance would result in the issue of 54,8356,056 Grand Met shares. He also declined to indicate whether or not the company expects to be able to take over the licences of Coral's four London casinos.

The offer provides that Coral may declare an interim dividend of 3.5p a share (compared with 3.45p last year).

The offer is conditional on acceptance by holders of more than half of the Coral shares and by the Office of Fair Trading. There is also a provision that none of Coral's borrowings may become repayable as a result of the deal.

Mr. Grinstead said he would not expect the bid to be referred to the Monopolies Commission because after the deal the combined group would still not have the largest network of bookmaking shops. Moreover, its market share would be less than 10 per cent of the total, he said.

Grand Met, which completed a takeover of the U.S. tobacco and drinks group, Liggett, in June, for $570m, had pre-tax profits of £61.2m in the first half-year to March 31, up 21 per cent on the previous year.

The shares of Grand Met to be issued will not rank for the interim dividend of 2.875p net payable on October 6 in respect of the year ending September 30, 1980.

Speculation about a bid for Coral developed after the company's casino licences were first threatened by police raids last November.

With a heavy £70m debt load, Coral indicated at the annual meeting in April it was attempting to sell off some of its assets, notably the Centre Hotels subsidiary, acquired in 1977 for £16m and said to be worth about £40m.

Recently, the Taj Group, of India, was identified as a bidder for a two-thirds interest in the hotel g roup and, despite the takeover, talks are continuing.

Coral then reported pre-tax profit in the first half of this year of only £327,000 compared with £5.85m last year. This forced the shares down

Lex, Back Page

Standard method sought for currency translation

BY MICHAEL LAFFERTY IN LONDON AND DAVID LASCELLES IN NEW YORK

AN UNPRECEDENTED trans-Atlantic initiative has been launched to standardise the method of translating foreign currency operations in the accounts of multinational companies. Within a year, it could bring similar accounting rules for currency translations in financial statements in the U.S. the UK and Canada.

The proposed accounting method, known as the net investment approach, is already practised by Unilever, the Anglo-Dutch multinational. It involves, for all foreign currency items in financial statements, the use of exchange rates current at the time the accounts are prepared rather than historic rates relating to the time the transactions took place.

The method implies that a holding company would view its foreign subsidiaries as separate, semi-independent entities. Accordingly it would account for the subsidiaries' net assets in the group accounts, rather than for each asset and liability item separately.

The result is that all differences on converting the net assets into domestic currency would bypass the profit and loss account and be taken direct to the balance sheet. Only differences relating to trading transactions during the year and to foreign currency borrowings by the holding company would affect annual earnings.

The initiative involves the U.S. Financial Accounting Standards Board, which today launches a draft accounting standard on currency translations, as well as the Accounting Standards Committee of the UK accountancy profession and the Canadian Institute of Chartered Accountants.

The UK ASC plans to publish its own proposals within the next month which will be similar to those published in the U.S. If these three countries agree, the proposals would be likely to be adopted increasingly throughout Europe.

The FASB proposals are largely the result of a year of negotiation and discussion with the ASC and the Canadian accountancy profession — the first time accounting rule-making bodies have co-operated on such an important issue.

The proposed U.S. standard amounts to a major revision of the existing foreign currency accounting rules in statement FAS 8 which applies to U.S. quoted companies and foreign companies raising money in the U.S. Over the past five years

Continued on Back Page
Background, Page 26
Lex, Back Page

Sterling rises to 5½-year high

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Sterling yesterday rose to a 5½-year high in foreign exchange markets as the pound consolidated its hold above $2.40.

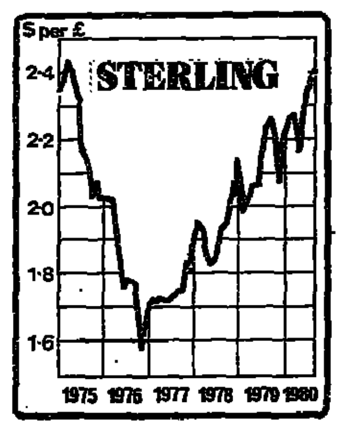
It went over the $2.40 level in late trading in New York on Friday. Further demand yesterday pushed the rate up to $2.4140 before a close of $2.4070, the highest finishing level in London since March 1975.

Dealers reported that trading was quieter than last week, largely because of the closure of the U.S. markets for the Labour Day holidays. Some profit-taking from the Continent was apparently easily absorbed and demand remained steady with little sign of any significant official intervention.

The pound moved back to its peaks of early last week against the main Continental currencies, closing at DM 4.30 compared with DM 4.29¾ on Friday, and at FFr 10 against FFr 9.95¾ previously.

Consequently the trade-weighted index, measuring the average value of sterling against a basket of other currencies, jumped 0.3 points to 76.5, for a rise of nearly 9 per cent so far this year.

The renewed surge in sterling in the last few weeks with widespread gains of nearly 3 per cent in the last month—is partly because of expectations that UK interest rates will remain high by international standards for some time. The pound's strength against the main Continental currencies is partly the result of the UK's move into current account surplus, in contrast to the large French and West German deficits.



Money Markets, Page 29
Institutions' foreign earnings drop

Unions to fight labour laws

By Christian Tyler, Labour Editor

THE TRADE UNION movement yesterday united behind a militant campaign to discredit the Government's new labour laws. At the same time it adopted proposals aimed at reducing the effects of the recession on union members and finances.

The priority issue on the first day of the 112th Trades Union Congress, in Brighton, was to pass a resolution instructing the TUC General Council to refuse all co-operation with the Employment Act and to use industrial action if necessary against its restrictions on picketing, sympathetic strikes and the closed shop.

Almost equally significant for the longer term, however, were decisions by the delegates to find ways to reduce inter-union competition, combine services, swell subscription income and give formal representation within the union movement for the 2m unemployed—not least the many union members being thrown out of work.

The TUC's remit from last year's Congress to begin a review of its structure and services was therefore given fresh impetus. If the mood of yesterday's debate persists, the TUC could be endowed with greater central authority by its constituent unions than it has ever enjoyed. The process will not be completed until next year's Congress.

In a short and sharp debate on the Employment Act, the miners put up as their spokesman Mr. Arthur Scargill, militant Yorkshire Area president, who is due to join the TUC General Council at the end of this week.

The resolution to refuse all co-operation with the Employment Act was carried with only a few abstentions. The Bank Staffs and the Engineers and Managers Asociations did not support it because it called on a Labour Government to repeal the law, and they are not affiliated to the Labour Party.

Mr. Scargill, no stranger to picket lines, made it plain that it was action not words in which he was interested. "We are prepared to defy the law. All our freedoms and rights have been won as the result of people who, when conscience dictated, were prepared to defy the existing law," he said. An early general election should be forced, he added to applause.

No union should use any part of the Act, including that which provided state money for

Continued on Back Page
TUC report, Page 8
Isle of Grain peace formula, Back Page

Polish miners stay out

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH coal-miners remained on strike yesterday although workers in the Baltic port of Gdansk went back after an 18-day stoppage which ended on Sunday.

In the south-western city of Wroclaw, however, an agreement between workers striking in a wide range of industries and the Government, was signed in the early hours of yesterday morning, and work resumed.

Meanwhile there were indications last night that the Soviet Union was moving gradually closer towards acceptance of the Gdansk agreement giving Polish workers the right to set up independent trade unions.

The Polish media, which have given a shortened version of the agreement, have not published details of the attack on the striking workers published in the Soviet newspaper, Pravda.

Pravda said that the strikers' demands were anti-Socialist, that the strikers had links with anti-Socialist groups abroad, and that they had hurt Poland's basic interests by their actions.

But last night's Polish television news reported that the Soviet news agency Tass had quoted yesterday morning's article in the Polish party newspaper Trybuna Ludu, which had taken a much more moderate line.

Trybuna Ludu had said with approval that the Gdansk agreement "had limited the possibilities for opponents of Socialist Poland who wanted to intervene in the difficult discussions being held at the moment."

The fact that Tass quoted the Polish newspaper article appeared to show that the earlier Pravda attack was no more than a warning to the Polish authorities, and not the beginning of any concerted campaign against the agreement between the strikers and the Government.

Miners in Silesia, southern Poland, the country's industrial base, had struck at the end of last week in support of the 21 demands put forward by strikers on the coast.

Polish radio reported yesterday morning that a total of eight mines, including some of the country's most modern pits, had stopped work and were demanding talks with a Government commission.

Mr. Wlodzimierz Leyczak, Minister of Mining, arrived in Katowice later in the day at the head of a commission to examine the miners' grievances. According to officials, the miners had demanded the arrival of the commission because they were unsure whether they could benefit from the terms of the agreement signed on Sunday, which ended the strike in Gdansk.

The miners are the best paid group of workers in the country and the first reports of strikes

Continued on Back Page

Moscow's advice ignored

BY DAVID SATTER IN MOSCOW

THE Soviet Union repeatedly advised the Polish leadership not to introduce steep increases in the price of meat, and warned that such measures could lead to serious labour unrest, it has been learnt here.

The Polish Government's determination to press ahead with the price increases, and their dramatic consequences, are likely to weaken its position in talks which are expected between the Soviet Union and Poland over Soviet aid to help make good losses caused by the strikes.

The Polish strikes are also expected to have an indirect effect on Soviet policy. They are likely to dissuade the Soviet leadership from raising the prices of basic foodstuffs, as an influential group of Soviet economists has long been urging.

The Soviet authorities may give some aid to Poland in the short term, but they may be reluctant to offer significant help at a time when meat in the Soviet Union is in even shorter supply.

Warsaw's decision to raise meat prices from July 1 is understood here to have been a purely Polish initiative and the Russians will now be able to claim their advice was ignored.

The Polish leaders are free to make their own decisions where internal policy is concerned, but they normally consult Soviet authorities over important issues or those likely to affect Warsaw Pact allies. Moscow exercises a direct veto over Polish foreign policy decisions.

In the case of meat prices, the decision to implement increases was preceded by consultations in both Moscow and Warsaw.

Soviet officials asked repeatedly whether there were adequate preparations for the price rises "from a political point of view."

Our Peking Correspondent adds: China's official media spoke approvingly over the weekend, of the success of Poland's workers in establishing an independent trade union.

East Europe reactions Page 2
Polish settlement and Soviet reaction Page 20

CONTENTS

For latest Share Index phone 01-246 8026

PARTY OFFICIAL SAYS GOVERNMENT MUST MEET ALL DEMANDS

Warning of Polish 'catastrophe'

BY LESLIE COLITT IN BERLIN

THE POLISH Communist party's leading spokesman, Mr. Mieczyslaw Rakowski, said the Government must fulfil the demands of the workers "point for point" or there will be a new wave of strikes, or even a "catastrophe."

Mr. Rakowski, the editor of the influential weekly, Polityka, and a member of the Communist party's central committee, said in an interview with the West German radio station, Deutschlandfunk, that the "gap" between the Government and the workers could not be removed "in one day. It will take time."

The high-ranking Polish official said it was too early to say whether there can be a distinct Polish way toward Socialism. "After a while" it might be possible to speak about a "Polish way" but it was necessary "first to build the structure." He said it was too early to tell what the consequences of the political changes in Poland would be for other East European countries.

In reply to a question whether the Soviet Union has accepted the Gdansk agreement between the striking workers and the Government to allow independent trade unions, Mr. Rakowski said: "You will have to call Moscow in order to find that out."

He said the Polish Communist system needed "far-ranging and thorough reforms." He did not believe, however, that the Polish Communist party had lost anything but that a "new phase" of development has been opened in Poland.

Mr. Rakowski thought 1980 would be different to 1970, when promises were also made to Polish workers following civil unrest and when Mr. Edward Gierek became Communist party leader. For the first time, he said, Poland had experienced a mass movement lasting two months. Polish workers were different now than they were in 1970, and the Polish Communist party had also changed.

Reports that Mr. Gierek is about to step down he dismissed as "speculation which is not based on fact." The Polish Communist leader, in fact, had created a situation in which, after two months of strikes, the conflict could be solved politically and without using force.

Strong Soviet attack on Gdansk strikers

BY LESLIE COLITT IN BERLIN

EAST GERMANY and Czechoslovakia have joined Moscow in an attack on "anti-Socialist elements" among the Polish strike leaders.

They say they have "misused" the confidence of part of the working class, and are following "counter-revolutionary aims" by emphasising their political demands.

East German and Czechoslovak Government news agencies issued long excerpts from a Pravda editorial equating the leaders of the Gdansk strike with "Poland's enemies," who are trying to steer the country off the Socialist path.

The attack is seen by officials in East Berlin as a fudamental rejection of the 21 points presented by the strikers, which were accepted by the Polish Government. The condemnation is regarded as a bad omen for the "Polish compromise" achieved between the Gdansk strike committee and the Polish Communist Party at the weekend.

Paul Lendvai in Vienna writes: The Gdansk agreement may have contributed to the release of Mrs. Maria Hromodkova and Mr. Milos Rejchrt, the two spokesmen of the "Charta 77" human rights movement in Prague.

They were arrested on Friday following a solidarity declaration issued by their group expressing support for the strike movement.

It was also reported from Prague that Mr. Jiri Lederer, the noted dissident jouarnalist, who had spent over four years in jail, would be allowed to leave the city yesterday with his family and go to West Germany.

Despite the relief felt in Eastern Europe about the outcome of the crisis, observers are still concerned about possible Soviet reaction.

It is also feared that there will soon be a tightening rather than a loosening of the reins in most East European countries.

East European diplomats in Vienna say the Soviet leadership bluntly told Mr. Edward Gierek, the Polish party leader, that Poland cannot reckon with any substantial Soviet credits to overcome the crippling effects of the strike.

West may give extra financial assistance

BY JONATHAN CARR IN BONN

WEST GERMANY is ready to consider—with other Western countries—what extra financial help may be given Poland, despite the problems involved in raising the latest DM 1.2bn West German credit for Warsaw.

This attitude is likely to be made clear when Chancellor Helmut Schmidt replies to a leter, just received, from President Jimmy Carter urging an "exchange of views" on Poland's economic troubles.

Government officials are anxious to avoid raising false expectations in Warsaw of an early new initiative, but they feel all Western countries will now have to think hard about what additional help they can give.

This judgment is based on an initial analysis of the accord between the Polish Government and the strikers which, it is feared, may initially make Poland's financial problems more difficult.

While Bonn greatly welcomes the trend to liberalisation without violence in Poland, it also feels that the Warsaw Government may have promised more than it can deliver and that further economic strains may be the result.

One fear is that Polish prices may be forced up, raising the prospect of further labour unrest. The other is that Polish authorities might be under pressure to boost imports further, although their scope is limited, given the country's large foreign debts.

Either way, it is felt that the challenge to all Western countries interested in a stable and liberal Poland has increased in the last few days.

It is recognised in Bonn that a re-scheduling of Poland's debts could give Warsaw a valuable breathing space. But it is stressed that the Poles have given no indication that this is their desire, nor did they during the recent negotiations on the DM 1.2bn credit, one third of which is covered by a government guarantee.

However, details only now emerging of the use to which a previous West German credit has been put show that the Bonn Government is willing to meet the Warsaw Government's desires at least half way.

The credit of DM 2bn specifically for a huge Polish coal gasification project was arranged by a West German banking consortium in 1977 and guaranteed by the Bonn Government. The gasification project in fact being implemented is much smaller and Poland has used the rest of the sum for imports of machinery it urgently needed. Bonn made clear its guarantee would be maintained despite the change in the project.

Kazakh coal project

The Soviet Union is developing a new coal and electricity complex in north-east Kazakhstan which has coal reserves totalling more than 10,000m tonnes, Reuter reports from Moscow. Quoting the official Soviet news agency, Reuter said the development was expected to produce 170m tonnes a year by the late 1980s instead of the present 70m tonnes.

Androsch 'to lose all posts'

AUSTRIA's leading newspapers reported yesterday that Dr. Hannes Androsch, the Finance Minister and Vice-Chancellor, was about to lose all his Government jobs, Paul Lendvai reports from Vienna.

Dr. Bruno Kreisky, the Socialist Chancellor, has repeatedly differed from Dr. Androsch on policy. But he has also criticised him for retaining his connections with Consultatio, a firm of accountants and tax advisers. Dr. Androsch earlier this year put his share in the firm into trusteeship. The newspaper reports were a follow-up to an interview given by Dr. Kreisky in which he once again criticised Dr. Androsch.

The Finance Minister is about as far removed as possible from the cloth-cap image of socialism. At one time he seemed the probable successor to Dr. Kreisky.

Portuguese pay rise

Portugal's coalition Government has announced a 20 per cent increase in the national minimum wage and old age pensions in a pre-election move, Reuter reports from Lisbon. A statement issued after a Cabinet meeting said the minimum monthly wage for industrial and service industry workers would be increased to Es9,000 (£77) from Es7.500 (£64) beginning on October 10. The increase goes into effect four days before the general election.

Old age pensions and other social security benefits will be increased by a similar amount in October and December.

Bonn holds to course

The West German Government rejected any further spending programmes to boost the economy beyond tax reductions already planned for next year, Reuter reports from Bonn. The Economics Ministry in its monthly report said the Government was sticking to its planned tax-cutting package of DM 16.4bn (£3.8bn) for 1981-82. Additional spending programmes would contribute little to safeguard medium-term growth and could have a negative influence on the expectations of investors and consumers.

Swiss current account

Switzerland may have a slight current account deficit this year after surpluses of SwFr 4.07bn in 1979 and SwFr 7.87bn in 1978. In a foreign trade report to Parliament the Government said this was in spite of an improvement in net earnings from tourism and a significant rise in net capital earnings in the first five months.

Poll shows Giscard well ahead of his challengers

BY ROBERT MAUTHNER IN PARIS

THE FRENCH President, M. Valery Giscard d'Estaing, would easily win the presidential election due next April, if it were held now, according to the latest public opinion poll published by the news magazine Le Point yesterday.

Indeed, it shows President Giscard to have increased his lead regularly since November 1979 and even to have widened the gap between himself and his closest rivals since June this year.

The most significant finding of the poll is that President Giscard would have no great difficulty in defeating either of the two possible Socialist candidates who currently present the biggest threat to his re-election for a second seven-year term.

If faced with Mr. Francois Mitterrand, the Socialist leader, in the crucial second round run-off of the presidential election, M. Giscard would win 61 per cent of the popular vote, against M. Mitterrand's 39 per cent.

If, on the other hand, the Socialists decide to nominate as their candidate M. Michel Rocard, leader of the party's right wing, the margin of M. Giscard's victory—57 per cent against M. Rocard's 43 per cent — would be slightly smaller, but still huge by the standards of recent presidential elections.

At the last presidential election, in May 1974, M. Giscard d'Estaing defeated M. Mitterrand by only a few hundred thousand votes, or less than 1 per cent of the total.

In the first round, which gives a truer picture of political opinion in the country than the final ballot, when only the two leading candidates are left to fight it out, M. Giscard would already establish a commanding lead, according to the poll.

In none of the six scenarios which formed the basis of the poll would any rival candidate win more than about half the votes accorded to the present President in the first round. Thus, M. Giscard would obtain 37 per cent of the popular vote if the other candidates running against him were M. Mitterrand (18 per cent), M. Georges Marchais, the Communist leader (13 per cent), M. Jacques Chirac, the Gaullist leader, (11 per cent), and M. Michel Debre, the independent orthodox Gaullist, (5 per cent).

If M. Rocard were to replace M. Mitterrand in this first round scenario, the Socialist candidate would obtain 19 per cent, compared with M. Giscard's 36 per cent. The scores of the other candidates would remain roughly the same.

Another significant finding of the poll is that M. Debre, a Prime Minister under General de Gaulle, has split the Gaullist vote by deciding to run against the official party candidate, without, however, making a big impact on public opinion. M. Debre's maximum score in the various cases compared by the poll was 7 per cent while that of M. Chirac was 12 per cent. The best that M. Marchais, the Communist leader, could do in the poll was 15 per cent.

French fishing dispute continues despite lifting of blockade

BY OUR PARIS CORRESPONDENT

ALTHOUGH FISHERMEN have lifted their blockade of French ports, at least temporarily, there are no indications yet of an end to the month-old fishing dispute.

On the eve of another meeting of the Tripartite Mediation Commission, set up by the Government and due to be held today, the positions of the Boulogne trawler-owners and the fishermen were still far apart.

The main bone of contention is still manning levels on large trawlers, which the owners wanted to reduce from 22 to 19, while the fishermen's trade unions insist on the application of the levels in existing selective agreements.

M. Jacques Huret, president of the French Shipowners' Federation, said yesterday that the 30 large trawlers based in Boulogne could not sail with their original crew levels.

"We are all working at a loss," he said, "and we have calculated that the crew costs which we can bear must not exceed 35 per cent of total cost. At the moment these costs come to as much as 40 per cent of the total.

"If the sailors do not want to accept this necessity and the conflict goes on, all our ships will remain in the harbour and we will face bankruptcy sooner or later," said M. Huret.

Referring to the demand by independent fishermen for lower fuel oil prices, M. Joel le Theule, the Transport Minister responsible for the industry, said in a newspaper interview that French fishermen were paying the lowest prices in Western Europe, except for those in Italy.

Diesel oil was costing fishermen no more than FFr 1.13 (less than 9p) a litre. The price was free of tax and subsidised by the Government.

The French Government refused to change its position on diesel oil prices because the fishermen were paying much less for their oil than French farmers or road hauliers.

After stressing that the state was already giving FFr 175m (£17.8m) aid per year in the form of investment, price support and fuel oil subsidies to the fishing industry, in addition to FFr 900m in social aid, M. le Theule said that the Government refused to base its fishing policy merely on subsidies.

Apart from the national measures which he had already announced, France was banking on the adoption by the Nine of a common fishing policy, which would cover fish conservation, freedom of access to traditional fishing zones, and prospecting for zones.

Bonn backs higher oil royalty

BY KEVIN DONE IN FRANKFURT

THE West German authorities are seeking to more than double the royalty paid by the *oil industry on domestic crude* oil and natural gas production.

The royalty is levied by the provincial states and preliminary negotiations begin this week between the oil industry and the state of Lower Saxony, where some 95 per cent of the Federal Republic's domestic oil and gas is produced, on fixing a new royalty well above the present level of 17 per cent.

The Bonn Government has put its weight behind the negotiations and Herr Hans Matthöfer, the Finance Minister, said in an interview published yesterday that a royalty of 40 per cent was justified to take account of the "windfall profits" that have been accruing to the oil companies engaged in local production.

West German oil and gas output is modest by world standards, but the country still managed to meet some 34 per cent of its natural gas needs from its own fields last year with total production of 20.4bn cubic metres. In addition, it produced 4.8m tonnes of crude oil from onshore fields.

Last year the West German authorities, chiefly the state of Lower Saxony, received total royalties of some DM 447m *(£105m) but if Herr Matthöfer's* proposal is pushed through state revenues from domestic oil and production would jump to more than DM 1bn.

The oil industry is clearly preparing to fight the increases and the final royalty level could well be fixed beneath the full 40 per cent.

Most of the crude oil found in West Germany is of a rather low quality and is very heavy, making it relatively expensive to produce.

The dramatic surge in world oil prices in the past 18 months, however, has made local production an attractive proposition again. The oil industry, dominated by international majors such as British Petroleum, Exxon, Shell and Texaco, is planning to spend as much as DM 30bn over the next 20 years in further exploration and development and in the intensive use of enhanced recovery techniques.

Through this programme, the oil companies hope to double West Germany's present level of proven reserves of 300bn cubic metres of natural gas and 70m tonnes of crude oil.

The renewed interest in West German oil and gas exploration *has already brought* some success, stimulated by the doubling of world oil prices. A consortium of Texaco and Wintershall, a subsidiary of BASF, the West German chemicals group, has decided to press ahead with the development of West Germany's first offshore oil field in the Baltic located some two miles offshore in the Bay of Kiel.

In April a new gas field was found in Lower Saxony which could have reserves of around 19bn cubic metres and last month Texaco and Wintershall announced a new oil find a few miles off the West German North Sea coast.

The find was made in an area of mudflats about four miles from the coast and 60 miles north-west of Hamburg. First tests showed a flow of at least 1,000 barrels of crude a day, but later tests are understood to have improved on this

The discovery is of commercial interest for Texaco as it has a refinery located only some 15 miles away at Heide. The field is thought to have reserves of 5m-10m tonnes.

New plan for Danish oil field

By Hilary Barnes in Copenhagen

THE DANSH Underground Consortium has submitted to the Energy Minister a DKr 250m (£19m) development plan for the Skjold oil and gas field in the Danish sector of the North Sea. An earlier proposal was rejected by the Ministry because it involved flaring of gas. The gas would now be injected into the neighbouring Gorm field, which is already under development.

Production from Skjold is planned initially to total 100,000-150,000 tonnes a year.

The Skjold oil will be added to the 500,000 tonnes a year produced by the Dan field and the 1-2m tonnes expected from the Gorm field

The Danish Underground Consortium, the sole operators in Denmark's sector of the North Sea, comprises the Danish company, A.P. Moeller, and Shell, Chevron and Texaco.

Concern grows in Italy as rift between Malta and Libya widens

BY RUPERT CORNWELL IN ROME

THE SHARP deterioration in relations between Malta and Libya is causing considerable anxiety in Rome, which is caught in the cross-fire between Mr. Dom Mintoff, the Maltese Prime Minister, and Col. Gaddafy, the Libyan leader.

A stable southern Mediterranean has been one of the most pursued goals of Italian foreign policy. Rome has tried to maintain close ties with both Tripoli and Valletta, but this has become more difficult.

Italy has struggled to remain friendly with Libya—despite provocation and controversy—not least because of substantial economic ties.

Libya, which has a 9.6 per cent stake in Fiat, the country's biggest private industrial group, is one of Italy's biggest oil suppliers. It is also an important export market, and in the first six months of 1980 bought L1,050bn (£500m) of Italian goods.

This perhaps explains why Rome has stoically put up with much from Libya, including harrassment of Italian nationals working there, and the despatch by Col. Gaddafy of "death squads" to hunt political opponents exiled in Italy.

But the latest dispute, which began when Libyan naval vessels successfully stopped oil exploration by an Italian-owned rig in offshore waters contested by Tripoli and Valletta, has worsened matters.

For reasons of prudence, the Italian Foreign Ministry advised the captain of the rig, under hire to Texaco, the American oil company, operating on behalf of the Maltese Government, to give way to thinly-veiled Libyan threats.

But Italian naval vessels are keeping a close watch on the rig's winding-up operations, themselves surveyed closely and in none-too-friendly a fashion by Libyan ships.

Malta has taken its dispute with Tripoli to the United Nations Security Council, and is seeking Italian help to fight the design of Col. Gaddafy to bring the island under his influence.

Rome is understood to be finalising an economic and cultural agreement with Valletta, said to be worth between $20m and $25m.

Libya is said to have made a conciliatory gesture by releasing two Italians held under house arrest, and has denied repeated allegations that it is offering training bases for Italian terrorist groups.

But the fear remains that by tipping its favours too sharply towards Malta, Rome might endanger its important economic links with Libya.

Norway tightens credit

By Our Oslo Correspondent

IN A move to curb excessive private sector bank lending, the Norwegian Government has increased minimum reserve requirements to 13 per cent for commercial banks and to 10 per cent for savings banks.

This applies to banks in south Norway only. No minimum reserve requirements apply to commercial or savings banks in the north of the country, though the Bank of Norway recently recommended a 5 per cent rate for the north.

The banks say new restrictions will cut lending to a minimum. Housing loans will also be affected.

Norway faces an explosion in pay demands this autumn, as **Fay Gjester** reports from Oslo

Offshore wages imperil Oslo's incomes policy

NORWAY'S INDUSTRY, already burdened by high costs, faces the danger of a wages explosion during the autumn. The moderate spring wage settlement between the employers' association, NAF, and the main trades union federation, LO, is being undermined by steeper than expected price increases, which are largely a consequence of the rise in world oil prices, and by the prospect of inflationary pay awards to North Sea oil workers who went on strike in July.

This year's incomes deal was supposed to benefit low paid workers, while the more highly paid were asked to forego real wage increases in the national interest. The aim was to safeguard the partial recovery in Norwegian competitiveness achieved during the 15-month freeze on prices and incomes which ended on December 31 last year.

Despite grumbles from some highly paid unions, the trades union federation backed the agreement. The Government sweetened the pill by offering tax concessions and higher family allowances.

The first blow to the incomes policy was dealt by the independent unions that represent highly paid oil and gas production workers in Norway's sector of the North Sea. Their strike in July was partly to secure improved safety and better working conditions but included a demand for a 33 per cent pay increase. Because the Norwegian economy depends heavily on petroleum revenues and could not afford a long break in production, the Government stepped in early and ordered compulsory arbitration by a wages board. While the board may not grant the platform workers the full 33 per cent its award is unlikely to be much below 30 per cent.

A few days after the production men went on strike, the crews of Norwegian-owned mobile rigs also downed tools. Their grievance was that their wages had not kept pace with those paid on fixed production platforms, though the jobs performed are often virtually identical.

The main reason for the difference is that platform workers are employed by oil companies, or their contractors, while the mobile rig workers are seamen, employed by shipping companies with nothing like the oil companies' profits. The shipping companies argue that the difference in take home pay is narrower because platform workers have to pay income tax at normal Norwegian levels, which are among the highest in the world, while mobile rig workers pay at the much lower seamen's rate. They also argue that their rigs have to compete for work on the world market while the oil companies need pay only Norwegian wages to employees for work on Norway's shelf.

The Labour Government of Mr. Odvar Nordli, saw no need to force a compulsory settlement of the rig-workers dispute. Oil and gas production was not directly affected though the strike held up exploration and maintenance work. The seamen's union that represented most of the strikers is also affiliated to Labour's traditional ally, the trades union federation, LO, which was adamantly opposed to compulsory arbitration.

In the end, after their rigs had been idle for over a month, the employers had to accept defeat. They agreed to a voluntary arbitration procedure which will fix pay awards at between 23 per cent and 30 per cent above present levels. They say this is far more than they can afford and they are angry at the Government which, they say, abandoned its own wages policy and favoured the seamen's union. They are also angry at the oil companies who, they say, have brought pay levels on production platforms to about twice those prevailing in the rest of the economy.

Mobile rig workers: a "North Sea aristocracy."

The prospect of these pay increases in the North Sea has whetted the appetites of industrial workers on shore. The spring settlement allowed for some extra increases to be negotiated at individual plants but the Government said these should be linked to company profits and improved productivity. The average wage increase over the year was not to exceed 3 per cent.

But unemployment is still low, and these conditions are rapidly being forgotten. Some engineering concerns in west Norway have caved in already, granting extra money of up to NKr 5 (45p) per hour on top of the centrally agreed increases.

The Government recently contributed to the trend by announcing big pay rises for some of its own employees. This, too, is as a result of the oil boom. Staff at the Oil Directorate were leaving in droves for more highly paid jobs with oil companies and the Government had no alternative but to pay them more. There is now pressure for similar increases in other branches of the civil service that employ scarce technicians and experts such as the Directorates of Shipping and Communications.

The leaders of the LO, who only months ago were urging more highly paid workers to show "solidarity" with the lower paid by moderating their wage demands, now seem to be faltering. Mr. Tor Halvorsen, the chairman of the LO, said recently he would hate to see the birth of "a North Sea aristocracy" with an unfairly large share of the total wages "cake."

"We must look at future pay developments as a whole whether the jobs are on the continental shelf or on shore," he declared.

Also fuelling wage demands is the steep rise in the consumer price index. By mid-July, it had reached 167.6 (1974=100), a year-on-year rise of 10.6 per cent. Between January and July, the index was 8.8 per cent up on the same period a year earlier. In 1979, the index rose by only 4.8 per cent, one of the smallest rises in the OECD.

The LO has asked the Government for talks on prices. It will almost certainly ask for food subsidies or further tax concessions to halt the erosion of workers' real incomes. Some union leaders have even called for a new price freeze.

Mr. Nordli has promised an "adjustment" of progressive tax rates in the 1981 budget which is to be tabled in a few weeks. But only drastic deflationary measures could reverse the inflationary trend now. With Parliamentary elections just over a year away, these do not appear to be likely.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

India plans investment of £85bn in 5-year plan

BY K. K. SHARMA IN NEW DELHI

INVESTMENT totalling 1,560bn Rupees (about £85bn) is to be made in India over the next five-year period 1980-85 in an attempt to develop the economy rapidly.

The plan, announced by Mrs. Indira Gandhi's Government, involves an average annual growth rate of 5.3 per cent — the average so far has been a modest 3.5 per cent.

The framework for the sixth five-year plan was approved by the National Development Council, the country's supreme economic decision-making body, at the weekend. Mrs. Gandhi is chairman of the council which includes the Chief Ministers of all the states.

The public sector share of total investment will be a record Rs900bn. This will involve a massive effort at resource mobilisation which is clearly beyond the capabilities of both the central and state Governments and thus will have to depend heavily on Government and commercial borrowings abroad.

The plan will also require heavy additional taxation and the reduction of subsidies, including that on food. Mrs. Gandhi appears determined to show the strong political will which such actions will entail.

They will also require the co-operation of all 22 states, five of which are ruled by parties other than Mrs. Gandhi's Congress (1).

So far, only the broad framework of the plan has been approved. This gives the go-ahead to the planning commission to formulate the final draft which it expects to submit to the council for approval in January. By then, almost a year of the five-year plan period will be over, but this year (1980-1981) is being treated as an integral part of the plan and outlays on development are about 20 per cent higher than in the previous year.

According to the framework, industrial production is to grow at an annual average rate of 8-9 per cent, agriculture by 4 per cent and exports by 10 per cent. This is clearly possible in 1980-81 now that there has been a bountiful monsoon which ensures normal growth. The economy slipped last year following a drought. Future years may prove more difficult since the growth to be achieved will be on the higher base established in 1980-81.

Industrial growth is envisaged mainly in steel, non-ferrous metals, capital goods, fertilisers and petrochemicals. It is expected that foreign collaboration will be sought in most of these areas.

Substantial additional investments will be needed in the sectors of coal, electricity and oil development, in all of which foreign companies have already been invited to help.

To overcome infrastructural constraints which have hampered industrial production, the framework also calls for substantial outlays on developing railways, roads and ports.

India has gone through nearly two years of 20 per cent annual inflation and, apart from fiscal policies to maintain price stability, the framework suggests that action is necessary to minimise the impact of weather fluctuations. It calls for a buffer stock of 15m tonnes of foodgrains.

The framework foresees a need to achieve a growth rate in agricultural production of 4 per cent a year, with the stress on improving the productivity in all major farming systems in both rain-fed and irrigated areas. Special attention is directed to increasing production of pulses and oilseeds which have had to be imported in large quantities in recent years.

Col. Gaddafy: loss of foreign workers.

Gaddafy in reverse on squatters

By Our Foreign Staff

An end may be in sight for the inconvenient practice by which Libyan families suddenly and irrevocably take over the houses of western expatriates. Westerners who go home on leave, or just to the beach for the day, sometimes return to find their homes occupied.

Quoting "the people's will" the Libyan squatters say they have the backing of the local people's committee. Appeals to the police or other Government concerns are fruitless.

In the past two years between 100 and 200 foreigners have been affected by the takeovers. The result has been to make it harder to attract expatriates to work in Libya and has hampered the operation of many businesses, including the vital oil industry. Other victims have included the Australian and Chinese embassies, both of which were without embassy buildings for long periods.

The actions followed a decree by Col. Muammar Gaddafy, the Libyan leader, that the people should take control of all the country's institutions and that each Libyan is entitled to his own home.

Now an official spokesman has said the Government will try to prevent its citizens taking over the homes of Americans and other foreign residents. Mr. Abdulla Almegri, director-general of foreign information, told Associated Press that the takeovers were not widespread and not accepted. The ultimate aim was that no one should lose his house.

Tight rein likely on Japan's budget

BY RICHARD C. HANSON IN TOKYO

JAPAN'S budget for next year will probably show the lowest rate of increase in since the end of the Second World War as part of the Government's effort to bring its deficit-ridden finances back into balance.

The Ministry of Finance has reported that budget requests from Ministries and Government agencies amounted to about Y48,000bn (£90.7bn) for the fiscal year beginning April 1, 1981, an increase of about 13 per cent over the current year's budget.

The Ministry is expected to present a slimmed down budget draft late this year, aimed at keeping the amount below Y47,000bn. This year's general budget amounted to Y42,600bn, itself an austere 13.7 per cent rise over last year.

The 1981 budget, will still be financed heavily by national bond issues, but the authorities are hoping to reduce the amount of such issues by about Y2,000bn from this year's expected Y14,000 bn.

In the five years ending with the current budget the Government has issued about Y71,000bn in bonds, reaching a peak in fiscal 1979 when nearly 40 per cent of the budget was covered by the debt issues. The Government went into debt to support reflationary measures aimed at bringing the economy out of the post-1973 oil crisis recession. It would like to stop issuing deficit covering bonds by about 1985, but this will require imposition of more taxes, including, perhaps, an unpopular general excise tax similar to Europe's value added tax, and an increase in corporate taxes.

The Ministry has applied a 7.9 per cent ceiling on budget increase requests, with the exception of defence spending and official development aid. The former will rise by about 9.7 per cent to Y2,450bn.

The Foreign Ministry has so far failed to win a consensus among ministries on its plan to double development aid over the next five years. Its own budget request for such aid next year calls for a 35 per cent rise to Y220.7bn.

The Foreign Ministry budget, however, accounts for only about 20 per cent of total official development aid from Japan (Y840bn this year).

Begin rebuffed on defence post

BY DAVID LENNON IN TEL AVIV

ATTEMPTS by Mr. Menahem Begin, Israel's Prime Minister, to find a new Defence Minister suffered a major setback yesterday when his candidate, Professor Moshe Arens, declined to accept the post because he opposes the Camp David accords and the terms of the peace treaty with Egypt.

Mr. Begin has been holding the defence portfolio himself since the resignation in May of Mr. Ezer Weizman.

Talks with Linowitz

The Prime Minister held a three-hour meeting yesterday with Mr. Sol Linowitz, President Carter's special envoy to the Palestinian autonomy negotiations, who is seeking a way to revive the deadlocked talks. The two will meet again today in a further attempt to find ways to persuade Egypt to resume the discussions.

It was after these talks that the Prime Minister heard from Professor Arens, who is chairman of Mr. Begin's Herut Party. After a 19-minute meeting with Mr. Begin, Professor Arens said he had gone to the meeting to see if there was any way to bridge their differences, but without success.

The Professor, who is also chairman of the Knesset Foreign Affairs and Defence Committee, was Mr. Begin's third choice for the post, the first two having been blocked by coalition politics.

Meanwhile, Dr. Yosef Burg, Minister of the Interior and Police, said that there was no need for criminal proceedings against warders at the Nafta prison where two Palestinian prisoners died in July after being force-fed while on hunger strike.

The strike, by Palestinians protesting against prison conditions, lasted 33 days and at one stage involved more than 400 people in various jails.

Dr. Burg said the prisoners' deaths had been accidental but, in future, Israel would not force-feed prisoners unless doctors believed their lives were in danger. He also promised improvements in prison conditions. The Minister was presenting the report of an investigation.

Neighbours welcome

The Prime Minister's office said yesterday that it was surprised by the issue of eviction orders to three Arab families living beside the building in east Jerusalem to which Mr. Begin is planning to move his office. The Prime Minister had no objection to the families remaining where they were, the statement from his office added.

Investment pledge by Mugabe

By Our Salisbury Correspondent

ZIMBABWE'S Prime Minister, Mr. Robert Mugabe yesterday set out the ground rules for foreign investors in Zimbabwe. He offered them freedom of operation and the ability to remit some profits in return for their support for his long-term socialist goals.

Mr. Mugabe was speaking to 1,000 delegates at a privately-organised, six-day conference on Zimbabwe's economic resources, designed to end the secretiveness that shrouded the economy during 15 years of sanctions.

"I extend a sincere and friendly invitation to potential investors to come and invest in Zimbabwe," he said.

Private enterprise and initiative would be welcome and profits and dividends would be remittable "within the parameters of the constraints imposed upon us."

This was a reference to a new investment policy whereby new venture capital can be remitted in full after two years, less income remitted during this period. Thereafter, amounts in excess of the net balance are remittable through six-year Government bonds and 50 per cent of after-tax profits can also be transferred abroad.

In return, Mr. Mugabe said, the Government expected private business to "not only carry out its plans in ways which are consistent with those of the Government but also that such plans will recognise, in their practical application, the social aspirations of the people of Zimbabwe."

Rebellion on Vanuatu ended

By David Tonge

THIS WEEKEND the one-month-old state of Vanuatu, formerly the New Hebrides, quashed a three-month-old rebellion, thereby embarrassing Britain and causing concern to France.

The rebellion was led by Mr. Jimmy Stevens, who in May declared himself President of Paradise when he led a secessionist uprising on the Pacific island of Espiritu Santo.

On Sunday troops from Papua New Guinea needed only one shot and two tear-gas grenades to end his rule.

Mr. Stevens had backing from the Phoenix Foundation, a group of "anti-Communist" financiers, based in Nevada.

In June, Britain and France sent in security forces, but had as much trouble using them as the two countries had in running their joint condominium.

Pakistan's reactor 'still open to IAEA inspectors'

BY SIMON HENDERSON

PAKISTAN'S nuclear power reactor at Karachi is still to be open to international inspection even though, as announced at the weekend, indigenous uranium is now being produced for its fuel.

The International Atomic Energy Agency in Vienna said yesterday that the safeguards agreement for the Karachi reactor designed to stop use of the uranium fuel for military purposes automatically cover the fuel whatever its source.

Pakistan has had to turn to making its own fuel rods because Canada stopped supplies in 1976 after doubts grew about Pakistan's nuclear programme.

An IAEA spokesman would not directly confirm that Pakistan had informed the agency that the dwindling reserve of Canadian rods were no longer being used. Such details were confidential between the agency and the country concerned, he said. But he emphasised that the agreement had not broken down.

However, he did say that the IAEA — the United Nations agency responsible for monitoring the transfer of nuclear material — did not know of the new fuel fabrication plant which manufactures the rods until the Pakistanis disclosed its existence two days ago.

Although the head of the Pakistan Atomic Energy Authority re-emphasised the peaceful nature of his country's programme at the weekend, the capability of making its own fuel rods revives international worries about Pakistan's nuclear ambitions.

Sadat cracks down on profiteers

BY ALAN MACKIE IN CAIRO

PRESIDENT SADAT has ordered a ban on the production of all locally slaughtered meat in Egypt for a month as a warning to butchers to watch their profit margins.

Meat prices have more than doubled in the past year amidst mounting criticism that butchers, together with other traders, have been profiteering. Newspapers have run numerous campaigns and the police have set up squads to control profiteering, but the slaughtering ban is the toughest action yet against the middle man who is mostly blamed for soaring food prices.

The ban is also aimed at conserving Egypt's livestock. The authorities have been concentrating on building up cattle herds since sending missions to a number of European countries to study animal husbandry and to buy heifers to improve local strains.

Egypt consumes about 300,000 tonnes of meat a year, about a third of which is imported. The authorities announced recently that they were increasing frozen meat imports from 80,000 tonnes to 120,000 tonnes a year, as well as increasing imports of frozen poultry and eggs.

Meat consumption is not spread equally at all levels of the population, and Mr. Sadat could have been speaking for the less well-off when he said that no one would die if they did without meat for a while. The ban will also help conserve stocks for the feast of the sacrifice next month, one of the two main feasts of the Moslem year.

Mexico raises proven oil and gas reserves by 20%

BY WILLIAM CHISLETT IN MEXICO CITY

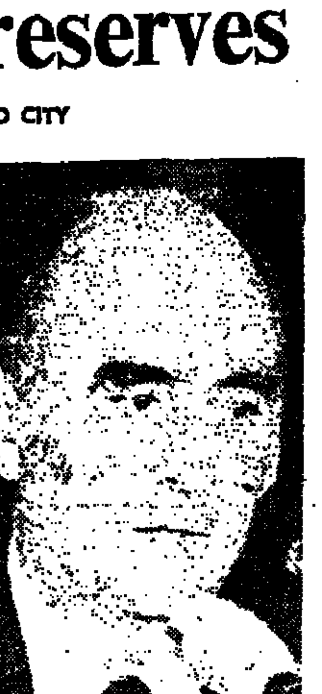
THE MEXICAN President, Sr. Jose Lopez Portillo, yesterday announced *major increases in* the country's oil and gas reserves. Proven hydrocarbon reserves have risen 20 per cent to 60.1bn barrels and potential reserves 25 per cent to 250bn barrels.

The President made the announcement during his annual state of the nation speech. He said that Mexico was now the world's *fifth largest* oil producer with a daily production of 2.3m barrels. The present production ceiling of 2.7m barrels would be reached at the beginning of next year, he said.

Since Sr. Lopez Portillo took office at the end of 1976, Mexico's proven reserves of oil and gas have risen almost tenfold and *potential reserves* have more than doubled.

Sr. Lopez Portillo also hinted at a possible increase in Mexico's domestic petrol prices. He called for a more rational use of energy sources and drew attention to the tremendous difference between Mexico's domestic prices and world oil prices.

The domestic price of Mexico's petrol has not risen since 1976. Top grade petrol is



President Lopez Portillo

37p a gallon. Mexico increases the price of its oil for export in line with the Organisation of Petroleum Exporting Countries, although it is not a member of the oil cartel.

Raising the domestic price is a highly sensitive issue in Mexico. The Government has talked of increases at home for the last three years but has not yet done anything about it.

Hugh O'Shaughnessy adds: Mexico's fast increasing oil riches will increase its importance as a source of energy for the U.S. and sharpen domestic political debate about the wisdom for Mexico of becoming even more closely linked to its large northern neighbour. Mexican relations with the U.S. have often been uneasy.

President Lopez Portillo's announcement may presage, too, a raising of the ceiling of exports. This was set at 1.1m barrels a day out of an output of 2.25m barrels a day but was revised upwards in February to around 2.7m barrels a day.

Any decision to increase production or to raise the domestic selling price of fuel would be *difficult in that it* would increase inflationary pressures which the Government sees as one of its principal difficulties.

Inflation in Mexico has been outpacing inflation in the U.S. *and any further sharp increase* in the cost of living would renew speculation of a new devaluation of the peso against the U.S. dollar. Inflation in 1980 was already expected to top 30 per cent before *President* Lopez Portillo's announcement.

THE CARTER RECOVERY PACKAGE

A response to industry, Kennedy and labour

BY IAN HARGREAVES IN NEW YORK

PRESIDENT CARTER'S plan to revitalise the U.S. industrial *economy is designed to appeal* to three important sections of the electorate.

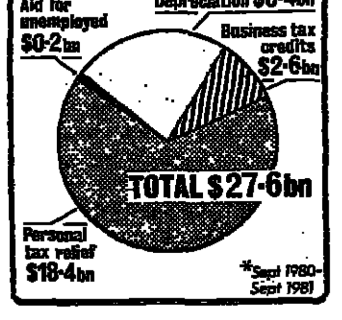
It seeks to respond to the demand by business for tax laws tailored to stimulate capital retention and thus capital investment in industry and to improve the dialogue between business and industry on numerous issues.

Pitched towards Democratic Party liberals, and Senator Edward Kennedy, are the proposals to step up spending on the depressed inner cities and to improve unemployment benefits.

To organised labour, Mr. Carter has offered a place at the industrial planning table, with the creation of a tripartite economic revitalisation board, which will help set up an industrial development agency to deal with issues of business and labour concern.

Addressed to all three groups are the tax cuts. *the biggest* component of which offsets extra social security payments due from the start of next year.

The President's prescription is to stimulate spending on research and development and new plant for industry, while keeping down inflation and easing the burden of transition for workers thrown out of jobs.



CARTER'S SPENDING PLANS

Fiscal 1981 and 1982

Economic and industrial development	$3bn
Aid to cities	$1bn
Energy	$1.2bn
Unemployment benefits	$0.96bn
Job retraining	$0.66bn
Science and technology	$0.6bn
Transport	$0.6bn
TOTAL	$8.02bn

Spending proposals

● $3bn for industrial development aid in the next two years. This money will go into loan guarantees, grants, loans and interest subsidies of the kind now administered throughout the U.S. by the Small Business Administration and the Economic Development Administration of the Department of Commerce. Aid is being granted to thousands of companies already, but the new industrial development agency is designed to provide a more co-ordinated approach and one more responsive to crises in declining industrial areas, especially in the Midwest.

● $1.2bn to encourage people to save energy by insulating *their houses and factories.* Much of this money will be spent on publicly owned buildings.

● $1bn will be passed back to local authorities for them to spend as they wish. The intent is to get more money into urban renewal.

● $600m for research and development, in consultation *with the universities,* to reverse the long decline in the percentage of U.S. economic output going into research.

● $600m for transport. This is a revival of previous proposals by the Carter administration to pump money into city transport and to cover some of the costs of thinning out and reorganising bankrupt railways in the Midwest.

● $1.6bn to increase supplemental unemployment benefits, which many laid-off workers are entitled to, and to finance some pilot retraining programmes *designed* to encourage workers to move out of declining industries and areas into growing sectors.

Tax proposals

● Depreciation: At the moment major U.S. industries are allowed to spread the cost of a new piece of plant over a period of between eight and 20 years, according to industry. Electronics is at the shorter end, cement and steel at the longer. President Carter proposes to shorten this period by 40 per cent for all industries. This will reduce profits and therefore taxes in the early years of a new investment and bring the U.S. more in line with its competitors. The U.S. steel industry, for example, competes with Canadian mills, which are able to offset capital costs against profits over as little as three years. The President has also *proposed to reduce the number* of depreciation categories from 130 to 30, making calculations for business simpler.

● Investment tax credits: The President plans to enable even companies which lose money to claim payment from the Internal Revenue Service of a tax credit on capital investment. This measure will cost $2.4bn in 1981 and will be of crucial importance to such companies as Ford, several of the airlines and some steel companies. It means a cash payment of up to 30 per cent of the tax credit *at the time when it would be* most helpful to the firm's cash flow. At the moment, the rate of investment tax credit is 10 per cent of the cost of a new piece of plant. This measure has been attacked as a further commitment by the Administration to lame ducks.

● Other taxes: A tax credit, costing $12.8bn in 1981 to offset the effects of a higher social security tax rate next year, plus some marginal reductions in income tax for the lower paid and for married couples who both work.

The White House describes the programme, which depends on the re-election of Mr. Carter and the will of Congress for enactment as a "carefully targeted series of initiatives" *to cut unemployment, stimulate* the economy and address some long-term economic problems.

Presidential campaign moves into top gear

By David Buchan in Washington

The three main U.S. presi*dential election* candidates moved their campaigns into top gear yesterday — President Jimmy Carter in Alabama, Mr. Ronald Reagan in *New Jersey* and Detroit and Mr. John Anderson in the Mid-West — as the Labour Day holiday marked the official start to the 48th U.S. Presidential race.

Mr. Anderson, the independenth candidate, unveiled his new policy platform at the weekend. He has had to cancel a planned "whistle-stop" rail campaign trip this week for lack of funds, but hopes publication of his plat*form document* can boost his sagging "national unity" *campaign and* ensure him inclusion in television debates with the Democratic and Republican candidates.

The crucial first hurdle is the initial TV campaign debate, which always attracts the biggest audience. Originally the League of Women Voters had organised the first encounter for September 18, with Mr. Carter and Mr. Reagan, and Mr. Anderson—*if he could raise his poll ratings* to 15 per cent.

But this is no longer certain. In what has been christened the "debate debate," Mr. Carter has pushed for an earlier duel with Mr. Reagan alone. Mr. Reagan, knowing Mr. Anderson will draw off more votes from the President than himself, and not publicly wanting to seem "unfair" to the independent runner, has so far baulked at this change of plan.

The new Anderson platform calls for "a coalition of the centre" to support him, but the 300-page document closely reflects Mr. Anderson's particular track record as a 20-year Congressman of economic conservatism and social liberalism. Most striking is the fact that Mr. Anderson is *the only candidate to oppose* any personal tax reductions until the Federal budget is balanced.

At one level, the economic game-plans of Mr. Carter and Mr. Reagan are quite distinct. The Republican is promising large and speedy tax cuts, and pointing to the immediate plight of the *economy—the* "Carter depression" he termed it last week.

The Carter strategy, embodied in last week's "revitalisation" plan, is to try to turn voters' attention to the signs that the U.S. will soon head out of recession and to promise them a brighter, industrial future.

But, in the process, the two big American parties are in the confusing position of stealing each other's traditional clothes: Democrats stressing the plight of business and Republicans pleading the cause of the average taxpayer.

Some 55 per cent of Mr. Carter's proposed $27.5bn tax *cut in 1981 would go to business* to stimulate investment. Business share of the tax reduction would rise further in later years. By contrast, $31bn of Mr. Reagan's proposed $36bn tax cut plan would go to reducing the standard rate of income tax by 10 per cent.

Mr. Reagan's plan may thus have more surface attraction to voters, come November. But Mr. Carter argues it would fuel inflation, by no means yet under control.

New coup rumours in Bolivia

By Hugh O'Shaughnessy

The Bolivian military regime *of Gen. Luis Garcia Meza* has stepped up its security measures throughout the country amid insistent rumours of deep divisions within the armed forces and the imminence of another military coup.

Col. Luis Arce Gómez, the powerful Interior Minister, has warned that troops will be tough with those who *break the seven-hour nightly* curfew and who "spread unfounded rumours." Since the coup, soldiers have silenced eight church radio stations and two publishing houses. Radio Fides and Radio San Gabriel have been dynamited while the military are widely regarded to have been responsible, the destruction of the *weekly Aqui and the killing* of its editor, Fr. Luis Espinal, before the coup.

Opponents of the Garcia Meza government are increasing their diplomatic war against the military and Sr. Jaime Paz, the chief opposition spokesman outside Bolivia, is expected to our Europe later this month. Sr. Paz speaks for Sr. Hernán Sile Zuazo, who has set up a "clandestine government" in La Paz.

Sr. Siles and Sr. Paz won the most votes in the recent general elections

Financial boost for Alaska gas pipeline

By Robert Gibbens in Montreal

AN IMPORTANT step has been taken to assure completion of the Alaska Highway gas pipeline from Prudhoe Bay in Northern Alaska to the Canadian border. Transcanada Pipelines Ltd., the gas transmission company controlled by Dome Petroleum Ltd., has joined the U.S. partnership committed to *build the portion of the line* in Alaska and says it will act as a partner in construction.

Transcanada will put its "financial and moral support" behind the Alaska section to help ensure the entire $22bn line from Prudhoe Bay through Canada to the main Canada-U.S. border will be built in "a timely fashion." The primary purpose of the line is to pipe Alaskan gas to the main U.S. markets.

The completion of the line has been set back to 1986-87 because of delays in approving *the project in the U.S. and a* temporary bulge in U.S. supplies of gas. Transcanada expects eventually to have a 7 per cent share in the Alaska section, requiring an equity contribution of about C$185m (£67m).

COFACE hit by Third World contract losses

BY TERRY DODSWORTH IN PARIS

COFACE, the French state-controlled export credit bank, sank into heavy deficit last year because of charges incurred on loss-making contracts guaranteed by the organisation in several Third World countries.

The *Ffr1.5bn (£152m) deficit* for 1979 compares with losses of Ffr172m in the previous year nd a profit of Ffr586m in 1977. COFACE says that these poor results, by far the worst that it has experienced for several years, are likely to be followed by even worse figures this year.

The largest item of expenditure last year was on insurance credit and currency exchange guarantees where costs almost doubled to Ffr3.4bn compared with Ffr1.8bn in 1978.

Compensation payments, however, also rose sharply, going up from Ffr1.1bn in 1978 to Ffr2.5bn net, after allowing for money recovered. By far the most important losses were caused by the upheaval in Iran, where contracts worth some Ffr1.5bn ran into difficulties, followed by Zaire, where the total reached Ffr260m, Turkey (Ffr227m) and the Sudan (Ffr110m).

Total charges guaranteed by the state rose during 1979 to FFr 3.7bn, compared with *FFr 2.1bn in 1978. This in*crease, says COFACE, was by no means counterbalanced by the inflow of funds, nor by the minimal increase in rates.

COFACE's pessimism about the outlook for this year arises mainly from the unsettled conditions in Iran. The company says that it is running into heavy compensation charges on Iranian business, particularly on payments for manufacturing risks relating to contracts which have been shelved. It also expects receipts from Iran to decline.

Created in 1946, COFACE is directed by a board comprising Government representatives, along with nominees from *public and private industry and* the trade unions. Some five-sixths of the company's capital is subscribed by the state, which also has the right of veto over its decisions through the *Government board members.*

Paul Cheeseright adds: COFACE has probably been hit more severely than any of its counterparts among the Western nations trading with Iran. The second worst afflicted is thought to be Hermes, the West German export credit agency, and the third the Export Credits Guarantee Department (ECGD) in the UK.

The problem has been not with completed contracts for the Iranian public sector, for which payments have come through regularly enough, but for large construction contracts which have been left unfinished. In this respect the French may have been hit by difficulties with power station contracts.

The ECGD in London has had its fair share of claims for uncompleted Iranian business. The Department's annual figures will be published in the autumn, but they will not disclose the exact amount which has been paid out, or is likely to be paid out, on Iranian claims.

However, it is widely believed that Iranian claims have already cost more than £100m and there are thought to be more to come. This means that total claims payments could be considerably higher than in 1979-80, when they were £133.6m, 42 per cent more than in 1977-78 and affected by difficulties in Turkey.

Japanese trade growth slackens

TOKYO — The growth rate of Japanese exports and imports in the second half of this year will fall rapidly, reflecting the economic recession in the U.S. and slow domestic economic activity, the International Trade *and Industry Ministry said.*

The Ministry said Japan's exports in the third quarter (July-September), are estimated at about Y6.55 trillion (million million) (£12.2bn), up 28.3 per cent from a year earlier.

The rate of increase, however, is smaller than a 34.9 per cent year-on-year rise in the preceding quarter, when exports totalled Y5.74 trillion (million million).

The ministry estimated the export figures after a survey of the export and import movements of 179 major Japanese trading houses and manufacturing firms, which cover 83.7 per cent of the nation's total exports and 91.5 per cent of imports.

The report said exports in the fourth quarter are estimated at Y5.94 trillion, and 6.95 trillion *in the first quarter of 1981.*

But their rate of increase will fall to 15.8 per cent in the fourth quarter and further to 8.4 per cent in the following quarter.

Imports in the third quarter are estimated at Y8.06 trillion, up 35.7 per cent from a year earlier, compared with Y7.57 trillion in the preceding quarter, up 67.1 per cent.

The report estimated fourth quarter imports at Y7.83 trillion, up 16.9 per cent, and Y8.66 trillion in the following quarter, up 10 per cent.

Export contracts concluded by the 179 companies in the April-June quarter totalled Y6.32 trillion, up 47.1 per cent higher than in the same 1979 period.

Import contracts totalled Y8.52 trillion, up 75.8 per cent. Reuter

● Nippon Steel has signed an agreement with Armco of the U.S. to provide technical co-operation in improving iron and steel production facilities at Armco's Houston steel works. Experts will study the present conditions of the Houston works as a first phase of the co-operation.

Armco said the co-operation might lead to a future capital link-up, but it will need much time.

Aid orders total £22m in July

BY OUR WORLD TRADE STAFF

ORDERS worth £22m, financed directly from the UK aid programme for developing countries, were placed with British industry in July, the Overseas Development Administration *said yesterday.*

Among the larger contracts accepted for financing were an order from Turkey for insecticides to control cotton pests placed with ICI, worth £1.9m, and an order from Pakistan for industrial towing tractors, placed with F. L. Douglas (Equipment) of Cheltenham, worth £366,839.

● *Ewbank Engineering of* Dublin is acting as consultants for the $25m contract won by Sulzer Brothers of Switzerland to provide mechanical and electrical equipment for the Bahamas Electricity Corporation.

● AP Precision Hydraulics, a division of Automotive Products, has secured a £1.6m order for remote valve control systems to be installed in products tankers being built by China Shipbuilding (Taiwan) for Kuwait Oil Tanker.

● Oldham Batteries has won a contract worth $500,000 to supply industrial traction batteries for the U.S. Postal Service's fleet of electric vehicles. The company has developed this market since 1971 in the face of competition from domestic and European battery manufacturers. The batteries will be supplied through Eagle Picher, the U.S. group which Oldham Batteries has technical and marketing arrangements.

● Foxboro Yoxall of Redhill, Surrey, is supplying £285,000 worth of control panel equipment to the Jordan Fertiliser Industries' complex at the northern end of the Red Sea. This is Foxboro's second order from Jordan Fertiliser Industries.

UK textile hopes in Hong Kong

BY PHILIP BOWRING IN HONG KONG

GOOD OPPORTUNITIES exist for British manufacturers of quality fabrics and woollen yarns to expand their markets in Hong Kong, a British trade mission was told yesterday.

The mission, which is led by Mr. Cecil Parkinsons, the British Trade Minister, is the largest textile mission ever to come to Hong Kong from Britain. Members of the mission met a cross section of Hong Kong garment manufacturers who briefed them on the types of yarns and fabrics they needed and which Britain might be able to supply.

At present Britain accounts for less than one per cent of Hong Kong's fabrics and yarn imports. Much of that consists of high quality woollen and worsted fabrics, but even in this field Britain has been losing ground. Though Hong Kong is known as a massive exporter of garments and textiles, it is, *in fact, a net importer of* fabrics and yrans. Its imports tend to be at the extremes of the market, and trade sources here say Britain could be making bigger inroads in quality and specialised fabrics. The garment makers say they are keen to buy more from Britain.

They are certainly in favour of anything to reduce Britain's textile trade imbalance with Hong Kong which would help lessen the pressures from a hard-pressed UK textile industry for yet more protectionist barriers against imports from Hong Kong.

The British mission will stay in Hong Kong for one week.

Lufthansa in fuel barter

HAMBURG — Lufthansa, the West German airline, and Ramco International, have arranged a barter agreement, under which fuel will be exchanged for parts valued at $3.5m.

Ramco will receive Boeing and Pratt and Whitney expendable material and, in return, will supply fuel to Lufthansa at JFK International airport in New York.

A *spokesman for Lufthansa* said the barter transaction was attractive because the parts can be sold to a single buyer and the fuel will be supplied at JFK *on demand.*

Ramco noted that this is the second barter transaction in which it has been involved, the first being a smaller exchange with Hughes Airwest completed in July.

In recent weeks Ramco has announced a $20m annual contract to manage the total fuel needs of Golden Gato Airlines and the establishment of a new jet fuel facility at Pork Everglades, Florida. AP-DJ.

Portugal treaty with Mexico

LISBON. Portugal and Mexico haved signed their first trade agreement under which the *Portuguese hope to gain access* to Mexican oil in exchange for offering co-operation in fishing and shipbuilding.

The agreement is similar to one signed by Portugal with oil-rich Venezuela earlier this year. But the Portuguese have not given any indication as to whether agreement on crude supplies was reached with Mexico.

Reuter.

Honeywell sale to Algeria

The Algerian Post and Telecommunications Authority has placed a combined order with CII-Honeywell-Bull involving the delivery of three large computers, seven mini, 119 serial printers and 163 video terminals, AP-DJ reports from Paris. The equipment is intended to increase computer processing capacity for the Algerian postal cheque accounts. First deliveries are scheduled to begin at the end of this year.

Italy wins Iraq petrol stations contract

By Rupert Cornwell in Rome

AGIP PETROLI, a subsidiary of the state owned ENI energy agency, has signed a $40m (£16.7m) contract to supply Iraq with a sophisticated network of filling stations for the country's fast growing road network.

The deal was concluded in Baghdad with Sopodag, the publicly controlled Iraqi concern which handles domestic marketing of oil and petroleum products. The equipment involved is predominantly Italian and incorporates technologically advanced electronic systems in use already in AGIP stations in Italy.

The deal is part of the ENI group's strategy of extending co-operation with oil producing nations into the exchange of technology. Iraq is currently Italy's second largest supplier of crude oil, behind Saudi Arabia.

Meanwhile another ENI group company, the engineering concern Snamprogetti, has signed a further collaboration agreement with Sonangol, the Angolan state petroleum company. Snamprogetti already has won contracts worth $27m in Angola in the last two years.

Tokyo vehicle makers await Taiwan review

TAIPEI — The Taiwan Government will examine investment proposals submitted by two Japanese automakers, Toyota and Nissan, before selecting one of them for a joint venture to produce 200,000 fuel-efficient compact cars annually in Taiwan.

Mr. William Wei, the Vice-Economic Minister, said these two Japanese automakers were listed following expiry of the deadline set for applications for foreign automakers at the weekend.

Earlier, two European and a U.S. car maker had planned to apply for the project but later withdrew.

The final selection Mr. Wei said, will be made in a month or two.

He declined to disclose details of the proposed investment by the two Japanese automakers.

Reuter

Airbuses set for China Air

TAIWAN — Taiwan is to drop its exclusive relationship with Boeing for civil aircraft and buy three Airbus Industrie A-300 airliners for $140m, aviation officials report. The contract has not been officially disclosed and there was no comment forthcoming from Boeing.

The A-300 will be used by China Air Lines, which will lease the aircraft from the Taiwan Civil Aeronautics *Administration.* Taiwan has placed orders for the A-300 in the past but then cancelled them. The order to Airbus Industrie was given against a background of a falling Taiwan trade surplus with the U.S. but a rising surplus with France and other European countries—AP-DJ

Manila units for Egypt

Arab-American Vehicles of Egypt will assemble Philippine-designed utility vehicles *for distribution* in the Middle East, the Mediterranean and Africa, Reuter reports from Manila. Arab-American will take an initial 3,000 units of two model types, worth about $15m. The finished vehicles, which use Toyota engines, will be distributed by Kelton Trading of Switzerland.

Bristol will seek private cash to revive port

By Robin Reeves

IN A radical shift of policy, Bristol has decided in principle to open its docks complex to private capital involvement in an attempt to stem the municipal port's heavy financial losses and restore profitability.

Mr. Claude Draper, Bristol Council's leader, said yesterday the council had talked with a number of merchant banks to involve private-sector capital in the port's operations and development.

Yesterday the council's resources sub-committee approved the start of negotiations with outside parties.

The nub of the dock's difficulties is the heavy debt charges on the new Royal Portbury Dock, opened two and a-half years ago at a cost of £40m. Combined with the recession, this has pushed the cost of the port to Bristol ratepayers to 10p in the pound or about £5.6m a year.

Another £1.5m in losses are being covered by the Government's rate support grant.

Mr. Draper insisted the long-term future of the port was bright.

So far, only two of six possible berths at Royal Portbury have been constructed. The council believes the early development of the remainnig berths and the adjacent industrial land would put the port's finances on the road to recovery.

Private equity investments may require an Act of Parliament. This would depend on the arrangement negotiated. The docks are run by a statutory body, the Bristol Port Authority.

To increase the attractions for private investment, Mr. Draper said the council would press Mr. Michael Heseltine, the Environment Secretary, to create a single Severn-basin port area, grouping Bristol with the South Wales ports.

Work starts on opencast mine

EARTH MOVERS have begun clearing a 400 acre site in West Cumbria where the National Coal Board plans a seven-year opencast mining operation at a cost of £20m.

The site at Moresby and Keekle is expected to yield 1.1m tons of coal and will provide 80 jobs.

Poll says majority wants to see change in Government policies

BY RAYMOND SNODDY

SIX OUT of ten British people believe the Government should change its policies, according to an opinion poll conducted for Opinion Research and Communication.

Within 24 hours of the announcement that unemployment had passed two million a representative sample of electors was asked: "Mrs. Thatcher has said there will be no change in Government policies because they are right. Do you agree with her that Government policies are right or do you disagree?"

Of the sample 59 per cent disagreed (69 per cent of trade unionists), 32 per cent agreed and 9 per cent answered "don't know."

Mr. Tommy Thompson, chairman of Opinion Research and Communication, believes the finding is a warning to the Government that the public is seriously concerned about unemployment.

The poll is the second in a series on inflation, unemployment, Government economic policies and wage claims carried out by ORAC, which believes the majority of public opinion polls should take into account issues of national importance.

Other questions in the poll, however, show substantial support for the view that the high level of unemployment is caused by unjustified wage claims rather than by Government policies.

Unjustified wage rises were to blame according to 45 per cent of the sample polled, 45 per cent disagreed and 10 per cent did not know.

The poll also inquired into public attitudes to the claim put in by Mr. Terence Duffy, leader of 2m engineering workers, for a pay increase between 18 per cent and 20 per cent.

Only one-third of the sample thought the claim, put in on the day the unemployment figures were released, was reasonable. Six out of 10 thought it too high.

Mr. Anthony Frodsham, director-general of the Engineering Employers Federation, said in response to the claim: "In reality we can afford nothing, but obviously we shall have to do better than that."

Of the sample 50 per cent said they thought Mr. Frodsham was speaking the truth, 32 per cent thought he was not, and 18 per cent were "don't knows." Of trade unionists questioned, 43 per cent believed his statement.

The survey, carried out for ORAC by Opinion Research Centre, part of the Louis Harris group, was based on a representative quota sample of 909 electors interviewed on August 28/29, 1980.

Conspiracy damages claimed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SUBSTANTIAL damages for alleged conspiracy are being claimed by Midland Rollmakers and three associated companies against, among others, Midland's former managing director, Mr. David Collins.

The claims are based on allegations of a conspiracy to set up a rival business using confidential information belonging to Midland, Johnson and Firth Brown, and Gibson Engineering Company.

In the past few months the companies have issued five High Court writs, each adding more defendants to the original claim against Mr. Collins. The cases have now been consolidated and will come before the High Court as one action.

The defendants include Mr. Collins' wife; Mr. Douglas Gibson and Mr. Martin Gibson, both former directors of Gibson Engineering; Mr. Ian Sadler, a former director of Midland, and his wife; and a former employee of Gibson Engineering, Mr. Ernest Butteriss.

Also sued are Centre-Tech and H. W. Technology, companies set up in the UK by some of the individual defendants; Rotaform and DBC (Roll Sales), companies set up by Mr. Collins in the U.S. and the UK respectively, and Mr. Patrick McCaffrey, the former U.S. agent for some of the plaintiff companies.

Other defendants are Eisenwerk Sulzau Werfen R. and E. Weinberger, an Austrian steel company, and three of its directors.

The etxensive relief claimed against all or some of the 23 defendants includes damages for conspiracy and for unlawful interference in the trade and business of Midland and its associates.

The case is unlikely to reach the court before the second half of next year.

More advance factories for Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

THE WELSH Development Agency has revived a programme for the construction of a further 72 advance factories in the West Wales countries of Dyfed and Gwynedd. Together they will provide over 232,000 square feet of additional factory space, capable of supporting up to 1,000 jobs.

The programme was originally conceived some 18 months ago, but following cutbacks in the budget of the Welsh Development gency as part of the Conservative Government's public expenditure economies, it was shelved to allow the agency to concentrate building work in the areas worst affected by the steel industry run-down.

Now the agency is making a phased start, beginning early in the New Year, on the programme in these two counties and expects to announce shortly furtrher factory building programmes in Clwyd and mid-Glamorgan.

The agency's Gwynedd and Dyfed programme will, for the first tima, include construction of units as small as 750 square feet. But most factories will be in the 1,500 to 5,000 square feet range.

FARNBOROUGH INTERNATIONAL AIR SHOW

Tornado orders total 476

By Michael Donne, Aerospace Correspondent

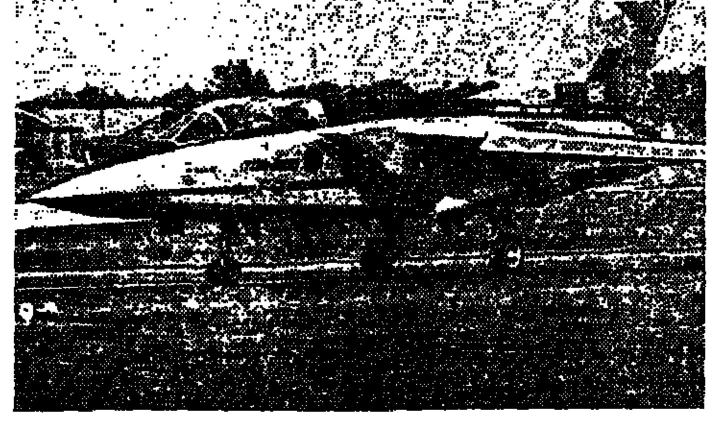
A £1.6bn contract for the next production batch of 162 Tornado multi-role combat aircraft is expected to be signed by the UK, West German and Italian Governments in the next few weeks.

This will bring total orders to date for the Tornado to 476 aircraft, continuing the production lines in the three countries which are expected eventually to build a total of 809 Tornado aircraft.

Of that total, the Royal Air Force will be buying 385, the Luftwaffe 212, the German Navy 112 and the Italian Air Force 100 aircraft.

The new production batch will include for the first time a small number of production aircraft of the highly-specialised Air Defence Variant (ADV).

Speaking yesterday, Professor Gero Madelung, chairman of Panavia, the international company building the Tornado, said that in spite of recent suggestions to the contrary, the Tornado's price had remained constant since 1976. This was with the exception of the normal inflation that had taken place in the three countries involved on the aircraft, and fluctuations in exchange rates.



Orders worth £1.6bn have been placed for the Tornado

China feted but Soviets lie low

SOVIET AND Chinese aerospace industry executives are visiting the show this year, but there is a marked difference betwen the two missions in their approach and in the way they are being greeted.

The Chinese team of more than 100 covers military aviation, machine building, its import/export corporation and aeronautical institute.

Leaders of the Chinese mission are being entertained by many exhibitors and by Mr. Eric Beverley, commercial director of the British Aerospace Dynamics group, who is this year's president of the Society of British Aerospace Companies.

The 14 or so Russians are keping a low profile. They are not being formally entertained by the SBAC, but they are known to have visited British Aerospace and Boeing.

Commuter airliners may sell in Third World

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE DEVELOPMENT of commuter airliners for short-haul flights is emerging as one of the dominant themes of the show.

All these aircraft are twin-engined, using turbo-propeller engines to save fuel. They all seat up to about 30 passengers and they are all designed with a range of 1,000 miles, but with flights of 200 to 300 miles in mind.

They are aimed at the booming U.S. short-haul commuter aircraft market, which has been given a big stimulus in the past year by deregulation of civil aviation in that country. They are also suitable as "bus-stop" aircraft in under-developed parts of the world. Their features include ruggedness, reliability, and low operating costs.

A new consortium, SAAB-Fairchild, comprising SAAB-Scania of Sweden and Fairchild Industries of the U.S., formally launched its twin-turbo-prop-engined SAAB-Fairchild 340 airliner.

Today Dornier of West Germany is expected to give details of progress on the design and development of its Dornier 228 utility and commuter airliner. Aerospatiale of France and Aeritalia of Italy are combining to work on a commuter airliner.

Other manufacturers making major displays at Farnborough include Short Brothers of Belfast, with its existing 330 and its projected 360 commuter airliners, and de Havilland of Canada, which is developing a twin-engined airliner called the Dash 8.

Embraer, the Brazilian company, is offering its new twin-engined Brasilia aircraft.

Estimates of the market are difficult to secure, but the most conservative estimates claim that well over 2,000 of this type of aircraft could be sold through the rest of this decade, worth about £5bn if spares are excluded.

SAAB-Fairchild said yesterday the detailed design and development of its Type 340 aircraft will start this month. It aims to win a certificate of airworthiness by the end of 1983, and deliver to the airlines soon afterwards.

Production of parts of the aircraft will be divided between SAAB in Sweden and Fairchild in the U.S. There will be only one assembly line, at Linkoping, Sweden.

UK plans helicopter with Italy

THE UK and Italian Governments are expected to sign soon a new "memorandum of understanding" which will launch a joint programme to develop an anti-submarine helicopter, called the EH-101.

The two Governments have already signed one memorandum, setting out the principles to be followed in the definition and development of the helicopter, which is intended to replace the Royal Navy's Sea King, and the Italian Navy's SH-3D.

The major helicopter manufacturers of the two countries—Westland of the UK and Agusta of Italy—have set up a joint company, EH Industries, to undertake the development and production programme.

The second memorandum will establish a joint Governmental procurement agency to oversee the programme and to release the funds for it.

Details of the financing are not yet available. The development programme is expected to cost several hundred million pounds, which will be shared equally between the two countries.

Lord Aldington, chairman of Westland and of EH Industries, said at the show yesterday the two partners were looking for a market of up to 750 military and civil versions of the aircraft in the next 15 years. This would be to countries outside the U.S. and Eastern Bloc.

There is no plan to bring in other industrial partners—the French and West Germans do not have similar helicopter replacement requirements—but EH Industries would welcome other partners if they could contribute markets for the finished product.

Lord Aldington stressed, however, that at this stage there was no intention of linking with any U.S. helicopter maker.

Rare pictures at Birley sale

CHRISTIE'S is to hold a three-day sale of the contents of Charleston Manor, which was the Sussex home of Sir Oswald Birley, the late society portrait painter.

The sale, on October 13, 14 and 15 at the manor in Alfriston will include about 150 of the artist's pictures, among which are some of his least known but most highly rated works.

Sir Oswald, who died in 1952, was well-known for his portraits of Royalty, Prime Ministers and war leaders. But his landscapes and still-life have not previously been offered for sale.

Among the contents of the house is English and Continental 17th and 18th century furniture, Chinese and European porcelain, tapestries and oriental rugs.

Scientists urged to reveal findings

By David Fishlock, Science Editor

NO SECTION of society should decide either benefits or risks of science by withholding knowledge. Sir Frederick Dainton, president of the British Association for the Advancement of Science, gave this warning in his presidential address at its annual meeting in Salford last night.

Neither could knowledge released by science be bottled up again, said Sir Freedrick, chairman of the National Radiological Protection Board, the Government's radiation levels watchdog.

There had always been people who, "perplexed and troubled by choices which are incomprehensible to them and the consequences of which equally elude them," wanted to prevent the opening of still more choices. "This route is not open to us."

Sir Frederick said scientists should broadcast their discoveries as soon as they were confident about the validity of them.

But this was more easily said than done, he said. It called for more effort in schools, to develop powers of simple and interesting exposition in the education of young scientists.

He called for urgent abolition of the "absurdly early and largely irreversible specialisation" in secondary schools; for entrance requirements to higher education to be "less narrowly drawn"; and for lengthening of the academic year to 40 weeks.

Sir Frederick divided the pursuit of science into four categories — basic, tactical, regulatory and strategic.

In basic or "curiosity-oriented" research, success required "freedom of the gifted worker to choose his own problem and follow his own nose." He must not be told what to do or how to think by the paymaster. Britain led the world in this kind of research.

Tactical science was done to achieve a specific objective. There was a "customer" and a "contractor" and therefore, in principle, no problem over resources.

Regulatory science was the foundation of knowledge on which Parliament enacted legislation for public protection. In legislating, Parliament had to balance the costs imposed on industry and the benefits accrued. Such legislation could not succeed unless it commanded majority support from the people affected.

For these reasons the work of the regulatory scientist "must be as freely available for scrutiny as can be arranged

Nippon expected to build Scottish microchip plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

GOVERNMENT OFFICIALS are optimistic that Nippon Electric will agree soon to establish the first Japanese-owned microchip plant in the UK.

The company has been searching for a year for a major European manufacturing base to produce memory chips. It has narrowed its choice to either Livingston New Town in West Lothian, or Dublin, where it already has a small factory.

Officials believe they have persuaded Nippon to choose the UK and that the delegation led by Dr. Kogi Kobayashi, its chairman, will give final approval to a £20m plant while it is in Scotland. The group will visit the site today.

In that event, an announcement could be made in the next few days with a formal signing later this month, when Mr. George Younger, Secretary of State for Scotland, will visit Japan.

The Government is anxious to secure the Nippon investment, which could employ up to 600 people when it is in full production in three or four years' time.

The venture is seen as strengthening an important area of basic microchip production while increasing the links between the UK and Japan, which is expected to be a major source of industrial investment during the next decade.

Negotiations with the company have been handled by the Department of Industry's Invest in Britain Bureau, with assistance from the Scottish Economic Planning Department and Livingston Development Corporation.

It is believed that although Britain could not match the level of grants and other financial inducements offered by the Irish Industrial Development Authority—including substantial tax concessions on exported production—the company has been persuaded that other benefits of establishing in Britain could tip the balance.

These include the larger pool of skilled labour available in Scotland, which already has a large electronics industry, better communications and closer links between industry and the education system.

Japanese businessmen visiting Scotland have also been impressed by the favourable experience of the few Japanese firms already established there.

Guy de Jonquieres writes: Nippon Electric is the 10th largest supplier of integrated circuits to Western Europe, with a market share last year of about 3 per cent. It makes most of its microchips in Japan, though it has an assembly plant in West Germany.

Foreign-owned companies already producing microchips at plants in the UK include General Instrument, International Telephone and Telegraph, Motorola, National Semiconductor, Philips and Texas Instruments.

Scots plea for investment aid

BY OUR SCOTTISH CORRESPONDENT

URGENT Government action to increase the low level of industrial investment was demanded yesterday by the Scottish region of the Confederation of British Industry.

In separate appeals to the Government, the CBI's Scottish chairman and director called for the ending of the four-month moratorium on the payment of development grants and an early reduction in the level of interest rates.

Mr. David Nickson, chairman of CBI Scotland, wrote to Mr. George Younger, Secretary of State for Scotland, calling for the abolition of the four-month delay on grants for plant and equipment.

"Claims are taking six months to settle, and in the Glasgow office there have been more serious delays beyond this. In addition companies have to wait for a further four months for payment," he said.

"It can therefore take anything up to 10 months for grant to be paid, which at current interest rates significantly reduces the value of the grant."

Last month the CBI took up the problem of delays in the payment of grants with Sir Keith Joseph, Industry Secretary, but received little satisfaction.

Mr. Nickson said the ending of the moratorium, which was introduced as an economy measure last year, was a simple step which would have an enormous effect on industrial confidence and on the credibility of the Government.

The CBI continued to support the Government's policies in broad terms, he said. "But industry is in a pretty poor way . . . . Can something please be done on this one specific issue now?"

Mr. James Davidson, CBI's Scottish director, appealed for interest rates to be brought down as soon as possible.

The most recent monthly trend survey by the confederation showed that investment in new products and machinery was at a very low ebb.

The CBI understood the necessity for the high level of interest rates in the battle against inflation, but with the rate of price rises beginning to slow it was now time to consider reducing the cost of borrowing.

Bid to block Nigg gas project

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ENVIRONMENTAL objectors will try today and tomorrow to prevent the building of a gas separation and processing plant at Nigg on the Cromarty Firth.

They have been given the chance to express their opposition at a public hearing by the Highland Regional planning committee. This will consider applications by three groups for permission to construct the complex which would be an integral part of the plan to exploit gas from the North Sea.

The Government has already approved a £1.1bn scheme to collect gas from offshore oil fields through a gas gathering pipeline which could have a spare line to Nigg.

The Government also wishes to see as much of the gas processed in the UK as possible .

Last month the Scottish Office wrote into the Highland regional structure plan a section specifically reserving land at Nigg for the primary processing of oil and gas and possible downstream petro-chemical activity.

But neither this, nor the attitude of the local Ross and Cromarty district council, which wants to see development of the site, has deterred objectors.

At yesterday's hearing in Dingwall, Mr. Douglas Calder, director of planning for the Highland region, said the committee would only decide at this stage whether outline planning consent should be granted.

The three companies that have submitted applications are the British Gas Corporation, Dow Chemicals and Highland Hydrocarbons, a group formed by local businessmen.

Lloyd's report is under attack

BY JOHN MOORE

NEARLY 200 Lloyd's of London insurance brokers yesterday voiced reservations to the internal report into self-regulation at the institution.

The Lloyd's Insurance Brokers' Committee, part of the British Insurance Brokers Association, noted their objections. It will prepare a report after hearing the opinions of the rest of the Lloyd's insurance broking community today.

So far the main objection of the brokers to a report into self-regulation prepared by Sir Henry Fisher has centred on the Fisher recommendation that brokers divest themselves of links with the management companies of underwriting syndicates at Lloyd's. Fisher suggested this was necessary to avoid conflicts of interest.

Revenue

The big brokers objected because they do not want to lose revenue they earn through associations with underwriting syndicates.

Other main objections voiced yesterday by the brokers centre on three issues:

First, they are unhappy with the Fisher proposal that an ultimate guarantee should be given by the ultimate holding company. This, they feel, would deter potential venture-capital backers from supporting new Lloyd's broking operations.

Status

Secondly, they do not like the suggestion that a new Lloyd's broker may have to re-establish his Lloyd's status after his initial admittance. They feel it would offen an opportunity for competitors among the brokers to imply that the Lloyd's status of the broking firm could be in doubt.

Finally, they argued that disciplinary matters under the Fisher proposals benefit the larger broker. If the majority of directors are at fault, smaller brokers say, then the company should be disciplined irrespective of size.

The smaller brokers argue that the Fisher proposals may only imply that disciplinary matters are levelled at individuals in the case of larger operaitons "in order to avoid disrupting the market." ......

Woolworth to cut prices in bid to increase sales

BY DAVID CHURCHILL AND GARETH GRIFFITHS

A MAJOR price-cutting campaign will be launched next week in F. W. Woolworth's 1,000 High Street stores in an attempt to boost sales in the current slump in retail spending.

The move comes as the main shopworkers' union, the Union of Shop, Distributive and Allied Workers, says about 30,000 jobs in retailing have been lost this year.

Woolworth's campaign, which will mean price cuts averaging about 10 per cent, follows the fall in the company's interim pre-tax profit from £16.3m in the first half last year to only £291,000 in the same period this year.

Woolworth's yesterday played down the significance of the promotion, saying it was part of its normal autumn marketing offensive. But it is clear that the slump in retail spending, especially for clothes and household goods, which form a large part of Woolworth's sales, has prompted the company to launch such a major across the board campaign.

The cuts will run from September 12 to October 4. Special credit facilities will be available for larger purchases.

Another retail chain, Stylo Barratt shoes with 280 shops nationwide, also announced a price-cutting campaign yesterday. The move means an estimated saving to customers of £1m with cuts of about £3 on women's shoes and £5 on men's shoes.

The USDAW survey was published in the union journal yesterday. It estimaes that the equivalent of 70,000 full-time jobs have been lost in retailing since the beginnig of the year. Part-time jobs and short-time working were included in the survey on a weighted basis.

The union says the recession had been expected to hit retailing jobs but union officials had been surprised at the extent of the lay-offs by shops. It appears from the survey that redundancies have been spread through all types of shops, from the small corner store to the large department chains.

The survey says non-food retailing shops have laid off more staff than those selling food. As might be expected, job losses were higher in the more depressed regions.

USDAW, the sixth largest union, is concerned that the increased levels of redundancies will have a depressing effect on wage levels in the sector. Pay rates in the retailing sector are covered by two wages councils and the union has set a target this year of £78 for a 35-hour week.

Kenwood sales drop forces plant closure

BY GUY DE JONQUIERES

KENWOOD Manufacturing, a subsidiary of Thorn Domestic Appliances, has announced a further cut in its operations because of a continued decline in sales.

The company is to close its Kenway plant in Weymouth, Dorset, which makes small kitchen mixers and blenders, in mid-December. This will make 260 people redundant.

Last month, Kenwood placed the 1,600 employees at its main factory in Havant, Hampshire, on a three-day week for an indefinite period. The factory manufactures Kenwood Chef mixers and other food preparation equipment.

Kenwood said the closure at Weymouth was due to the impact of the recession throughout Western Europe and to the effects of the strong pound on the company's international competitiveness. In the past the factory has exported about 40 per cent of its output.

It also blamed East German competition for undercutting it on most Western European markets by selling mixers and blenders at prices which, it said, were uneconomic by Western standards.

During hte rundown period, the workload of the Weymouth factory will be transferred to Havant, while production machining operations will be moved to the company's Millway plant on the Isle of Wight.

Kenwood said it expected that these arrangements would strengthen the competitive position of the other two plants.

● Courtaulds, the UK-based textiles giant, yesterday announced the closure of yet another mill with the loss of 180 jobs. At the end of last week it revealed that it would be shutting 12 other mills, all in the Manchester area, at the cost of more than 1,200 jobs.

The latest closure — at Mansfield in Nottinghamshire—should have been announced with the others but a statement was postponed because the workforce was on holiday.

The Mansfield mill, which like the other 12 is part of Courtaulds' Northern spinning division, is being shut because of the impact of the group's profits of overcapacity, increased imports and declining exports. Courtaulds, too, lays much of the blame for its poor business on the strength of sterling.

Since March this year Courtaulds has announced over 8,000 redundancies.

● Another 100 workers are to lose their jobs at Willenhall Manufacturing, a car components maker near Wolverhampton. Five months ago, the company made 98 workers redundant. The cuts, which it says are necessitated by a substantial drop in orders, take effect at the end of the month.

● Workers at the Sileby engineering company in Northampton started a two-day week yesterday because of a fall-off in orders. Nearly 200 workers at Mason Master drill manufacturers of Daventry, Northants, started a three-day week for the same reason.

Housing boom forecast

By Michael Cassell

A HOUSING boom in the mid-1980s, helping to put up the level of owner occupation from its current level of about 54 per cent to 65 per cent by the start of the next decade, was forecast yesterday by the Woolwich Building Society.

The Woolwich says the high level of activity is likely to continue in the housing market in the 1980s, stimulated by the programme of council house sales and by growing demand for accommodation for single people. As a result, it expects the demand for housing finance to remain strong and predicts that it could well grow in real terms.

The Society adds: "Furthermore, if inflation is brought under control and interest rates become generally lower, more entrants into the housing market from the pool of potential buyers can be expected.

"Because the primary influences—the sale of council houses and the shift in household composition—will be felt in the early part of the decade, emergence from the current recession is likely to produce a housing boom between 1983 and 1985."

New rules on lead

NEW regulations which aim to extended protection from exposure to lead at work were laid before Parliament yesterday. The regulations, prepared by the Health and Safety Commission, will come into force on August 18, 1981, employers will have a duty to assess the nature and extent of the workforces exposure to lead. If assessments indicate exposure is high, strict controls will be required.

Pregnancy drug plea

THAMES TELEVISION is to challenge a court ban on its programme about Primodos, once the most widely-used pregnancy testing drug in Britain, due to be screened on September 16. The ban was imposed by a High Court judge at a private hearing last Thursday of an application by Schering Chemicals, British distributors of the West German manufactured drug. Thames will apply to the Appeal Court today for an early hearing of its appeal.

Building grant

The Cancer Research Campaign has given Birmingham University a £1.5m grant to provide a new building for the Department of Cancer Studies. A further £100,000 is to be provided for equipment for the building, and support for the department will be increased by £60,000 a year to about £240,000 a year.

Spending cuts idea

COUNCILLORS could make more public spending cuts if they yere given better support services in local authorities to carry out their work, the Association of Councillors said yesterday. The Association is studying ways in which the provision of secretarial and other services could make councillors more efficient.

North Sea producers pay record £1bn oil tax

BY MARTIN DICKSON AND PETER RIDDELL

BRITAIN'S LARGEST ever tax liability — about £1bn of petroleum revenue tax—became payable yesterday.

This is the first of two instalments of petroleum revenue tax (PRT) due in the current financial year from producers of North Sea oil.

A total of £2.56bn is expected to be paid in 1980-81, compared with £1.43bn in 1979-80. Payments will rise sharply over the next few years.

The £1bn liability is equivalent to 2p out of the current 30p in the pound basic rate of income tax.

More than three-quarters of the total came from British Petroleum, whose liability was £777.4m. This is because BP's Forties field is by far the most prolific North Sea producer. It has also been in operation since 1975 and this has reduced the effect of offsetting allowances which reduce the tax payable in the early life of an oil field.

Much of the remainder will have come from the Piper Field. Occidental, the operator and owner of a 36 per cent stake in that field, paid £110m.

Many of the largest companies involved in North Sea production have yet to become liable for PRT.

Neither Shell nor Esso, partners in the Auk, Brent, Cormorant and Dunlin fields, are yet liable, though Shell anticipates it may become liable in the second half of this year. Other companies yet to face tax include Mobil, operator of Beryl, and the British National Oil Corporation, operator of Thistle.

The £1bn liability may not all have been paid yesterday though companies will have to pay interest if payments are delayed.

GDP 'will fall 5% in 1979-81'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN FACES the worst recession in Europe, according to Morgan Guaranty Trust Company, the New York banking group.

The latest edition of World Financial Markets, one of the most widely-read commentaries on the international economic scene, forecasts that output in the UK, measured by real Gross Domestic Product, will fall nearly 5 per cent between 1979 and 1981, the worst experience since the early 1930s.

The annual rate of decline is estimated to have been 1.25 per cent in the first half of this year, accelerating to a forecast decline of more than 6 per cent at an annual rate in the current half, and 0.5 per cent in the first half of 1981. A recovery is forecast for the second half of 1981.

Morgan Guaranty believes the recession in Europe will be less severe and lengthy in response to the 1979-80 oil price shock than in 1974-75. This is the result of "the relatively favourable performance of European inflation, the more even distribution of balance of payments deficits among industrial countries, and the unlikelihood of a strong investment downswing."

In the four largest economies (Germany, France, Britain and Italy) minimal growth in early 1981 could be followed by a quite rapid pick-up in late 1981, "led by growing exports to the oil-producing states and to a recovering U.S., by consumer spending, and by a turnaround in the stock cycle."

In Western Europe as a whole inflation (measured over the past six months) peaked at a 12.9 per cent annual rate in the half-year to April. But it is still likely to be 11.5 per cent in the year to December, implying a 10 per cent annual rate in the second half of this year.

The current account balances should show a more immediate improvement. In 1981 the aggregate European current account deficit could narrow to \$30bn, from \$48bn this year, with sizeable reductions in the German and French deficits. The UK should improve to balance, while Italy should be in moderate surplus.

There is still, however, a divergence in economic performance in Europe, notably among the eight full participants in the European Monetary System. Consequently, "some realignment may be needed within the next six to 12 months" in the EMS.

The bank suggests sterling "could maintain its high exchange rate with little depreciation in the short term, owing to the length and depth of the recession, further gains in North Sea oil production, and especially high interest rates.

"After that, its prospects will depend on the success of current policies in reducing inflation and improving industrial competitiveness."

Third production platform boosts Ninian field output

BY MARTIN DICKSON, ENERGY CORRESPONDENT

OUTPUT from the Ninian field—one of the North Sea's biggest discoveries—received a boost yesterday when its third and last production platform came on stream.

Chevron, the field operator, said the first well from the Ninian North platform had begun flowing at a rate of 6,000-8,000 barrels a day (b/d), bringing the field's total production up to 255,000 b/d.

The Ninian field is Britain's second biggest oil producer—behind BP's Forties field, with an output of 500,000 b/d, and ahead of Piper, producing 200,000 b/d.

Production began in December, 1978 from the field's southern platform and a second, central one came on stream in April last year.

Oil from the northern platform will help boost the field to peak production around 1981-82, though the precise level of maximum output is disputed.

Murphy Oil, a U.S.-based partner in the field, has downgraded its forecast of 1982 peak production from 360,000 b/d to 307,000 b/d because of Ninian's unexpected geological characteristics.

Chevron, which is still carrying out computer tests on the field's profile, has yet to officially revise its forecast of production rates. But there have been indications that it believes the Murphy figures to be too low.

Fresh speculation about the field's likely production profile has been aroused by Chevron's decision to call tenders for equipment for two more water injection wells.

The company says this is part of its field development study, but it may be considering a boost to the field's water injection programme, thereby accelerating output.

Whatever the production rate, it is still expected that the Ninian consortium will be able to recover the same total amount of oil and natural gas liquids—1.2bn barrels—as previously forecast.

Licencees in the field are: Chevron (17.8 per cent), BNOC (22.2 per cent), BP (13 per cent), ICI (19.2 per cent), LASMO (7.8 per cent), Murphy (7.4 per cent), Ocean Drilling and Exploration (7.4 per cent) and Ranger (5.2 per cent).

Invisibles reduce current account deficit to £1.86bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK had a smaller deficit on the current account of its balance of payments last year than had previously been thought. This was because of a substantial upward revision of the estimated surplus on invisibles transactions, such as services.

The annual survey of the UK balance of payments by the Central Statistical Office, commonly known as the Pink Book, was published yesterday. It shows a current account deficit of £1.86bn last year, compared with a previous estimate of £2.32bn.

Apart from a small upward revision to the deficit on visible trade this reflects an increase in the estimated invisible surplus from £993m to £1.54bn, mainly because of larger service earnings. There have been smaller revisions to the figures for earlier years.

Nevertheless, the invisibles surplus still dropped in 1979 from £2.17bn to £1.54bn, mainly because of an increase in Government payments and transfers overseas, notably to the EEC.

The net overseas earnings of City financial institutions were £1.86bn last year, 20.5 per cent less than in 1978, though much the same level as in 1976 and 1977. Income from most sources increased. For example, the Baltic Exchange increased its earnings from £153m to £200m.

But insurance earnings, mainly Lloyd's and brokers, fell slightly. Interest payments on external sterling deposits with UK banks more than doubled, reflecting the level of interest rates. There was a turnround of £390m on the balance of interest on borrowing and lending in foreign currencies.

Among other categories of invisible earnings there was a small surplus on sea transport, compared with a small deficit in 1978.

There was a significant increase in net earnings from other services, including consultancy and services, from £1.44bn to £1.8bn. For example, earnings from construction-related services were £889m last year, compared with £829m in 1978 and £135m in 1970. Consulting engineers raised their overseas earnings from £370m to £401m last year.

After adjusting the service figures to constant prices there was almost no growth in the volume of exports of services last year, except in civil aviation. Imports of services grew in volume by 8 per cent, with particular increases in travel, Government services and civil aviation.

The surplus traditionally earned by the UK on trade in manufactured goods almost halved last year to £2.8bn the lowest figure since 1974. This resulted largely from a 15 per cent increase in the volume of imported manufactured goods and large reductions in exports to Iran and Nigeria.

The significance of the UK's trade with the EEC continued to increase. Exports of goods to the EEC were 42 per cent of the UK's sales last year, compared with 31 per cent in 1973. About 45 per cent of the UK's imports came from the EEC last year compared with 35 per cent in 1973.

The balance on visible trade with other EEC countries continues to deteriorate. There was a deficit to £2.75bn last year, compared with £2.65bn in 1978 and £1.4bn in 1973. The overall UK deficit on transactions with the countries and institutions of the EEC was, at £3.49bn in 1979, much the same as in the previous year.

The UK's invisible transactions with the rest of the EEC are affected by the Government's contributions to the community budget. These amounted to £1.62bn last year, £258m higher than in 1978.

But cash transfers to the UK from community institutions totalled £666m, compared with £552m previously, largely for agricultural support but also from the Social Fund and the Regional Development Fund.

Economic aid to developing countries — given directly by the UK or channelled through international agencies—totalled £668m last year, an increase of 38 per cent compared with 1978.

UK Balance of Payments, 1980 Edition, the Pink Book, SO, £7.00.

THE CITY'S INVISIBLE EARNINGS (£m)

	1970	1975	1976	1977	1978	1979
Insurance (net)	294	437	790	893	1,002	944
Banking net)	90	202	382	318	664	109
Commodity trading	87	299	309	230	295	298
Investment trusts	31	41	47	51	52	58
Unit trusts	3	9	11	12	15	21
Pension funds	3	16	14	17	24	49
Solicitors	9	19	29	36	44	52
Brokerage	85	207	215	233	248	331
Total overseas earnings of the City	602	1,230	1,797	1,790	2,344	1,863

Source: UK Balance of Payments (the Pink Book).

Chemical industry profit warning

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE BRITISH chemical industry's profits—in real terms—could be lower this year than at any time since the Second World War, the Chemical Industries Association warned yesterday.

There was "little hope of any sustained recovery" until late next year at the earliest, it added.

The association's latest economic bulletin forecasts that UK chemicals output will be about 6 per cent lower this year than in 1979. Output fell by 10 per cent between March and May, and during the last three months it was nearly 7 per cent lower than for the same period last year.

Falling output levels are increasing the burden of overheads—as are high interest rates and increasing fuel and energy costs. The association, which is leading a campaign against planned gas price rises, claims the average gas price being paid by the UK chemical industry is likely to increase by around 30 per cent to 35 per cent this year.

The bulletin says profit margins on chemicals are being "squeezed everywhere." There have recently been some large price reductions for commodity petrochemicals and plastics, while in other areas of production it is becoming increasingly difficult to obtain adequate price rises.

Sales were "very depressed" throughout June and July and all industrial chemical sectors have suffered. However, "the most dramatic fall in the level of business activity appears to have been in basic petrochemicals."

The bulletin says there has been a sharp reduction in petrochemicals production capacity utilisation. Utilisation rates as low as 30 to 40 per cent have been reported.

The associated admits the UK picture of falling output and reduced profit margins is similar to that on the Continent, but it stresses that chemicals output and sales are still at a much higher level in the rest of Europe.

The bulletin says the only bright spot is the UK chemical industry's trading balance — a "very healthy" £1.1bn surplus during the first six months of this year.

هكذامن التحول

rices
les

a weighted ... ion says the ... expected to ... but union officials ... prised at the ... ffs by shops. ... survey that ... been spread ... of shops, from ... her store to the ... nt chains. ... survey says ... shops have ... ff than those ... might be expected ... re higher in the ... d regions. ... W, the sixth ... s concerned ... levels of ... a depressing ... els in the sector ... the retailing ... by two wages ... union has set ... of £78 for a ...

ousing
om
ecast

ael Cassell

ING boom in the ... elping to put ... owner occupation ... nt level of ... to 65 per cent ... the next decade ... yesterday by ... h Building Society. ... oolwich says the ... activity is likely ... the housing ... s, stimulated by ... me of council ... d by growing ... mmodation for ... As a result, it ... and for housing ... in strong and ... ould well grow ...

ociety adds: "... inflation is ... ntrol and interest ... generally lower ... into the housing ... the pool of ... an be expected. ... use the ... s—the sale of ... nd the shift in ... nposition—will ... rly part of the ... ce from the ... is likely to ... boom between 198...

ules on lead

gulations which ... protection from ... lead at work were ... Parliament yes... ulations, prepared ... th and Safety Com... ll come into force ... S, 1981, employers ... duty to assess ... nd extent of the ... xposure to lead ... nts indicate ... strict controls ...

ancy drug plea

S TELEVISION ...

ng grant

ing cuts idea

warning

*OFFICIALLY CERTIFIED FUEL CONSUMPTION FIGURES: TR7 SIMULATED URBAN DRIVING 22.7 MPG (12.5L/100KM), AT 56 MPH (90 KPH) 37.9 MPG (7.5L/100KM), AT 75 MPH (120 KPH) 30.7 MPG (9.2 L/100KM). THE FIGURES FOR YOUR CAR MAY DIFFER. **MOTOR MAGAZINE 30-50 MPH, TR7 IN 7.2 SECONDS, PORSCHE 924 IN 10.3 SECONDS. PRICE CORRECT AT TIME OF GOING TO PRESS. INCLUDES FRONT SEAT BELTS, CAR TAX AND VAT. DELIVERY AND NUMBER PLATES EXTRA. METALLIC PAINT FINISH IS AN OPTIONAL EXTRA. ALLOY WHEELS ARE STANDARD WITH THE TR7 FIXED HEAD AND ARE OPTIONAL EXTRAS WITH THE TR7 DROPHEAD.

SAVE £28,000 TODAY.

The TR7 does 113 mph. Is shaped like a knife.

Has headlights which pop out of the bonnet at the flick of a switch.

Holds the road like glue. Has five gears and a faster overtaking acceleration than a Porsche 924.**

Does 37.9 miles per gallon at 56 mph* —if you can get it to go that slow. Comes as Fixed Head or Drophead. Attracts envious glances. And costs from £6,137.

At £35,100, the Ferrari 512 B.B. is, we admit, even faster, ritzier and flashier.

But let's face it, in these hard times, you've got to economise somewhere.

TR7. The exciting car you can afford. TRIUMPH

Delegates solidly behind bid to repeal Employment Act

Reports by Christian Tyler, John Lloyd, Pauline Clark, Phil Bassett, Nick Garnett.

Photograph by Terry Kirk

THE TUC yesterday, without any opposition from delegates at its 112th annual conference, set in motion a campaign of non-co-operation with the Government in opposition to the Conservatives' Employment Act.

Congress voted unanimously, save for only about 20 abstentions, mainly from avowedly a political unions, for a motion supported by the TUC General Council calling on affiliated unions to actively oppose the "unfair and dangerous legislation" of the act.

The motion called on the General Council "to mount a sustained and vigorous campaign of non-co-operation with the Government including, if necessary, industrial action."

It attacked the act as an attempt by the Government to weaken trade unions in order o make easier the implementation of its "callous" economic policies.

It demanded the repeal without delay of the act by the next Labour government which should then introduce new employment legislation which would provide at least the level of legal protection enjoyed by trade unionists before the present Government took office.

The motion expressed "complete and outright rejection" of all the provisions of the act, but despite the desparaging references by some speakers to some unions' declarations that they will accept Government funding of union ballots, unions such as the engineering workers' and the electricians' still seem ready to do so.

Mr. Harry Urwin, for the General Council, told delegates not to consider the finer points of the motion, or even whether it was completely constitutional within the TUC's own framework of rules.

He said the issue of opposition to the act was too large for such matters. It was absolutely essential that the trade union movement swung completely behind the General Council in opposing the act.

In a thorough historic survey of the act's antecedents, Mr. Urwin, outgoing chairman of the TUC's employment policy and organisation committee, which has co-ordinated the TUC's response to the Government's programme of labour law, likened the British position to that of Polish workers.

Referring to Mr. James Prior, Employment Secretary, Mr. Urwin, formerly deputy general secretary of the Transport and General Wokers' Union, said that if the Polish strikers had won as a result of their recent industrial action "Prior's Law" as a freedom, they would have immediately found themselves open to heavy, punitive damages.

He said the act's provision of picketing, and those of its accompanying code of practice, were merely strengthening the present position. During the first six months of this year more workers had been arrested and charged for picketing than at any time during the last 50 years. Most of those arrested had never been involved in industrial action before.

Mr. Glyn Lloyd, of the Union of Construction Allied Trades and Technicians, moving the composite motion, said no delegates were expecting a quiet or contented winter in the face of the Government's "obstinate refusal to listen to objections" to the Employment Act.

There would be few unions unaffected by the act's provisions.

The Government seemed determined to pass laws which were unworkable, and in so doing it seemed as if it wanted to bring the law itself into disrepute.

Trade unionists had to ensure that in future governments sought their support for any proposed changes in labour law.

Mr. Arthur Scargill, Yorkshire Area President of the National Union of Mineworkers, seconding the motion, said trade unionists were prepared to defy the law. All the freedoms now enjoyed by workers had been won by people who, as their conscience dictated, had been prepared to defy the existing law.

The TUC would not exist if delegates' forefathers had not been prepared to defy the law.

Mr. Scargill said: "We should go on record today declaring our firm opposition to this Act, telling the Government clearly that we will use any means, including industrial action, if any of its provisions are used against trade unionists or trade unions."

He stressed that the question before congress was what action to take arising out of the day's debate; how should eloquent words be translated into positive action.

He said the overall purpose of trade union opposition to the Act was to force an early general election, to defeat the present government, to return a Labour government, to repeal the Act itself, and to get back to "sensible" social, industrial and economic policies.

Mr. Scargill said it was clear that the Government had declared war on the British trade union movement. That left trade unionists with an option. They could sit back and wait for the return of a Labour government to repeal the Act, or they could say they were not prepared to accept the provisions of an Act which took away the rights won by the trade union movement over a century-and-a-half of struggle.

Chief Constables had united with trade unionists in wanting the act. The object of the act was clear, though. It had been brought in to facilitate the "vicious and anti-working-class" policies of the present administration.

On the closed shop, he warned that if any non-union workers were brought into the mining industry, the miners would stop work in all pits the very next day and halt the digging of coal.

Mr. John Morton, General Secretary of the Musicians' Union, said the act was based entirely on the Government's ideological beliefs and its "false analysis" of industrial relations.

Mr. Owen O'Brien, General Secretary of the National Society of Operative Printers, Graphical and Media Personnel, raised the question of the expulsion from the TUC of unions which accepted money for internal balance.

An amendment to this effect proposed by the Bakers' Union, had been circumvented before congress, but Mr. O'Brien said it was still his view that this course of action should be followed.

Trade unions should not take the "sugar coating of the bitter pill" or payment for ballot, "because if we compromise ourselves in one small area, then we have compromised ourselves completely."

Guide to beating the new law

LIBERAL distribution of a TUC pocket guide on how to beat the new trade union legislation should ensure that life for trade unionists after the Employment Act becomes law need not be lived behind bars.

The guide, entitled "Bargain to beat the Act," urges the rank-and-file not to be daunted by new protection from dismissal to non-trade union members. It urges the faithful to fight back by stepping up recruitment, ensuring that existing union membership arrangements remain intact and by making clear to managements that it will remain their responsibility to enforce union membership.

Where union labour only contracts exist, trade unions are advised to obtain assurances that they will not be cited by management as parties to unfair dismissal. Trade unionists could, the guide says, seek arrangements whereby no work goes to sub-contractors unless they at least recognise a trade union.

The TUC gives a warning that there is no way unions can seal off all types of industrial action from possible litigation because of the Act's provision restricting it and lawful picketing. The TUC suggests its members stress to employers the danger of such a provision damaging industrial relations.

David Basnett and Len Murray consult on the platform

Weighell calls for fewer unions

"YOU ARE SLOW to change," Mr. Sidney Weighell, General Secretary of the National Union of Railwaymen, told congress as he proposed that efforts should be made to reduce the number of TUC unions.

Congress backed the NUR motion instructing the General Council to take steps to reduce the number of competing unions within the same industry. Mr. Weighell said there ought to be no more than 20 unions in Britain instead of the present TUC number of 109.

The movement was no more rationally organised than it was 50 years ago. "It weakens our power, and that's our strength," he said.

The movement should start by asking unions with minority interests in certain industries whether they were wasting their time organising there. There were 17 unions in the fuel and power industry, 14 in health, 11 operating in the area of hotels and catering.

"Comrades," he said, "it's not good enough."

He told congress that he knew the logic of having a German-style union system was "too demanding for you." He was not trying to get them to reach this height now, but passing the motion was a first step.

Mr. Bill Keys, General Secretary of the Society of Graphical and Allied Trades, supporting the motion, said his understanding of the motion was not along the lines of Mr. Weighell's.

Because of British trade union traditions, he did not believe British unions could build a structure on the lines of the German one.

He supported the motion, however. New technology was obliterating demarcation lines in some industries. He also referred specifically to the crisis in the papermaking industry and the advantage it would be for the union movement operating there to speak with one voice.

Mr. Len Murray, the TUC General Secretary, asked congress to back the motion because it had always been recognised that a reduction in unions was necessary.

Mr. Murray, however, did not accept all Mr. Weighell had said. Unions could produce equally powerful arguments for keeping organisations based on craft or general lines.

Mr. Murray has recently seen TUC attempts to rationalise spheres of influence among the rail unions fail.

The NUR motion was one of a number taken at congress related to union structure and activities.

Congress agreed a motion proposed by Mr. David Basnett, General Secretary of the General and Municipal Workers' Union and amended by the Banking, Insurance and Finance Union.

This requested the General Council, as a matter of urgency, to carry out a review of trade union finances, contributions, benefits, services and communications, particularly with a view to making co-ordinated use of micro-electronic applications and related communications technology and to make recommendations at next year's congress.

Part of the motion said that it was vital to ensure that trade union unity and financial strength is not dissipated by inter-union competition and duplication of services.

Mr. Basnett said the unions could be facing a financial crisis. Part of the deliberate aim of Government policies was to "rob" unions of income through such things as creating unemployment and trapping unions into expensive legal action.

The unions, however, had contributed to such a crisis by, for example, excesive competition for members. Unions had to take a new approach to the sharing of work done by officers, legal, research and educational staff.

Far-reaching changes were necessary if the unions were to successfully tackle the employers' expertise.

In another move, congress agreed a motion from the Association of Scientific, Technical and Managerial Staff instructing the General Council to consider ways by which the interests of the unemployed could be represented on the basis that the "social wage" should be a matter for negotiation by congress and to report to the next congress.

Mr. Clive Jenkins, the union's general secretary, proposing the motion, said "the depression" was getting out of control, and pointed to some of the activities of the Dutch unions in representing the unemployed.

The Government would like to drive a wedge between the employed and the unemployed, Mr. Jenkins said.

Congress also backed a motion from the British Actors' Equity Association which called upon all unions to inform, and wherever possible consult with, appropriate other unions before taking industrial action.

Mr. Murray urged congress to support it while recognising that consultation was not always possible when rapidly-taken industrial action affecting a large number of other unions was deemed necessary.

Firemen warn of decline in standards

FIREMEN'S union leaders called for a full public inquiry into the Government's proposals for changes in fire policy which, they say, are designed to support political moves to cut public expenditure, irrespective of the consequences.

They claim that the proposals contained in a Government Green Paper—The Future of Fire Policy—published last July will cause a serious deterioration in fire-fighting standards at a cost to lives and property.

Mr. Terry Parry, general secretary of the Fire Brigades' Union, called for the inquiry at a meeting in Brighton designed to rally trade union support.

The union expressed anger at the refusal by Mr. William Whitelaw, Home Secretary, to meet the union to discuss the proposals. It warned that the Government's thinking could lead to a substantial decrease in the number of fire appliances available to respond to emergencies.

It also pointed to what it believed would be "a serious deterioration in the application of fire safety legislation affecting hotels, boarding houses, and places of work."

In particular, the union accused the Government of dangerous practice in its use of fire service statistics to justify changes, which it claimed were designed to help the Government make cuts in public expenditure.

Mr. Parry published a letter he had written to Mr. Whitelaw in which he registered the union's extreme concern "about the Government's plan to conduct a revision of standards of fire cover in Britain behind closed doors and apparently as part of the Government's policy on cuts in public spending."

The Home Office had told the union that it would have been "quite impracticable" to have consulted all the bodies involved individually, although a consultative document had been sent out to all the parties concerned, including the FBU. But the union was unimpressed.

It contended that no section of the fire service had been involved or consulted in the review of the service on which the proposals were based. In addition, it argued that the Government departments involved had been encouraged to use statistics "to support a political philosophy of 'cut irrespective of consequences.'"

The union said in a statement that it was extremely concerned at the proposals, particularly at a time when fire losses in the 12 months to the end of last July were £497.9m and when the annual death toll in fires was about 900.

The union was in no doubt that the Government's conclusion would "result in a substantial increase in fire losses, and, more importantly, a dramatic increase in deaths from fire."

Britain returns to 'grim 1930s'

"THE GRIM images of the 1930s" which last year's Trades Union Congress had painted had turned into "a horrifying reality," Mr. Terry Parry told delegates in his presidential address.

The almost incomprehensible 2m unemployment figure was made up of individual tragedies — "hopes that have been dashed, family lives that have been put under stress," Mr. Parry said.

Closures and bankruptcies abounded, jobs were disappearing forever, and there were more than 340,000 people out of work for a year or more. Vicious and unnecessary cuts in social security entitlements would add further to the misery.

"Where there is suffering this Government seems intent on making it worse and labelling the unemployed as some sort of social criminal," said Mr. Parry, general secretary of the Fire Brigades' Union.

"But this is a topsy-turvy world we live in, with a system of justice turned on its head, for there is no crime committed by being out of work; the crime is committed by those who have condemned innocent people to the indignity of unemployment.

"I charge this Government with that most heinous of offences. Its policies are directly causing this anguish in our society."

Mr. Parry said the Government blamed the unions for trying to protect their members' living standards. It would not succeed, however, in making the unions the scapegoats for its own neglect and inaction and its policies of closures and redundancies.

"Mrs. Thatcher and her Ministers want to bewitch the British people, by conjuring up the illusion that there is no alternative to the course on which we are set. This week we must break the spell that she is seeking to cast."

The Government, which sought to "weaken and belittle" the unions, had repeatedly turned away the hand the union movement had held out to it.

The Employment Act was the most obvious embodiment of Government hostility to the unions. "It poses an insidious threat to the very fabric of British trade unionism as we know it," Mr. Parry said.

"The limitations it imposes on peaceful picketing, and on union organisation and recruitment, are all designed to sap the ability of unions to resist the cruel logic of the Government's economic policies."

The act would cause trouble between pickets and police, employers and workers and, "if we are not vigilant," between union and union. It posed a direct threat to the TUC's own inter-union disputes procedures.

The trade union movement, which had a great catalogue of achievements to its credit, had to maintain its unity and solidarity.

"This act, like the Government that spawned it, will have its time and then it will go. When that time comes this movement will still be there, I believe stronger than ever."

Mr. Parry's theme was based on the two TUC slogans — "Forward in the eighties—not back to the thirties," and "Attack unemployment, not the unemployed."

Congress this week, Mr. Parry said, "must expose to the public the wholesale onslaught on the welfare state and public services that this Government is seeking to perpetrate and must mobilise the people of this country to join our crusade to safeguard the quality of life of the most vulnerable people in our society."

On the economy, Mr. Parry stressed that North Sea energy wealth could be deployed to regenerate manufacturing industry and public services could be expanded to provide jobs and a better quality of life.

Technology entente reached with CBI

A PRELIMINARY understanding between trade union and industry leaders on the benefits to workers of new technologies is to be presented to delegates this week.

A joint statement by the TUC and CBI shows broad agreement on several contentious issues, including the implications for job security and the benefits to be gained in terms and conditions of work for those affected by technological change.

Agreement was also indicated on the inclusion of employees in general as well as recognised unions in machinery for consultation with management on proposals for technological change in individual companies.

The statement has yet to be presented to the CBI membership as well as to the trade union rank and file. It is cautiously worded and is seen as only an early step to a more comprehensivce joint approach to implementing further technological change in industry.

The statement is called A Framework for Technological Adaptation.

The Government's role is referred to in a call for an "active and strategic response" to training, education, manpower policy and industry, and regional infrastructure.

The statement agrees that security of employment "can be compatible with large-scale changes in the job structure of the enterprise, skill categories and location."

"Forced" redundancies, it says, should be avoided wherever possible.

The document emphasises that a joint understanding on the distribution of benefits can play an important part in bringing about technological change.

"The successful adoption of new technology and resulting increases in productivity can benefit individual workers, and provide general and continuing improvements in terms and conditions of work on the basis that companies are able to improve their competitive performance and attract new customers," it says.

The statement supports the incorporation of regular industrial relations and consultation machinery in decision-making. It urges regular consultations between "management, employees and recognised trade unions" as a feature of that process.

Civic reception criticised

THE GENERAL Council was criticised from the platform by Mr. Andy Durr, President of the Brighton, Hove and District Trade Council, for accepting an invitation from the town council to a civic reception.

This decision, Mr. Durr said, had caused "an awful lot of embarrassment locally" to the trade union and labour movement which has been fighting what the movement believes to be examples of unnecessary public expenditure.

Mr. Durr said the General Council had been asked not to accept the invitation, but this "unfortunately" had not been the General Council's view.

Mr. Durr said, however, that it would be nonsense to boycott

Today's schedule

THE AGENDA today includes an address by Mr. James Callaghan, Opposition leader, further motions on trade union organisation and industrial relations, trade union accounts, equal opportunities, race relations, women's equality, social insurance and industrial welfare, home working, pollution and the environment.

Excess of spirit douses the flames

CONGRESS got off to a spirited start. Mr. Terence Parry, General Secretary of the Fire Brigades' Union and this year's president, contributed much to that, as befits a man who fights the fiercest of the four elements.

"I am by profession a fireman," he said to loud cheers, for Mr. Parry can have doused few flames in anger in recent years, saving metaphorical fraternal ones.

Just such a fraternal flare-up was provided early in the day by the president of Brighton and Hove's Trades Council, Mr. Andy Durr, who made a spirited attack on the General Council, sitting stoically behind him.

But Mr. Thomas Harber, a member of the Confederation of Health Service Employees and winner of a congress medal for services to the labour movement, invoked the spirit of comradeship, as he described a late-night phone-call to his general secretary, Mr. Albert Spanswick, on a problem he had had.

Encouragement

Mr. Spanswick had spent half an hour, after a 16-hour day, settling his problem, said Mr. Harber.

"How many junior managers of a private company," he asked, "could phone up their managing director late at night with a problem, without getting sacked or demoted the next day?"

Miss Margaret Burns, who took the women's gold medal, invoked the spirit of times past—"We were put to slave for the aristocracy for little or no wage"; times present—"The youth of today don't even have that opportunity"; and times future—"United action by the trade unions will mean that the ghosts of our forefathers can rest in peace."

"Now," said the elemental Mr. Parry, as the gold medals were dispensed, "for the fun and games."

The chairman of standing orders, knowing his cue, came forward to the rostrum. In fact, he did provide some fun.

His presentation of a motion from the health-loving Iron and Steel Trades Confederation to congress that smoking be forbidden drew heated requests for a card vote from the Tobacco Workers' Union.

Ethereal mood

"Cards don't smoke, delegates do," snapped the fire-fighting Mr. Parry, who declared the motion.

Mr. Frederick O'Neal, a vice-president of the AFL-CIO and its fraternal delegate to congress, caught the ethereal mood. He recalled that the creator of the AFL, Samuel Gompers, had said, when he was a fraternal delegate to the TUC, that he "stood on hallowed ground."

A shuffling of feet followed, as delegates scrutinised the floor of the Rank Centre for latter-day evidence of sanctity.

Mr. O'Neal, meanwhile, was praising freedom everywhere, especially in Poland, tactlessly informing delegates that the AFL-CIO had passed a motion of support for the Gdansk workers some weeks ago.

"What about Pennsylvania?" shouted a well-read delegate, but Mr. O'Neal had swept on to Mr. Ronald Reagan, who, he said, was a member of his union (Mr. O'Neal is president of the Associated Actors and Artists of America), but who represented, nevertheless, reaction incarnate.

Weight-watching

To polite applause, he was presented by Mr. Parry with a spiritual decanter. "I don't know if there is anything in it," said Mr. Parry. "We can do something about filling it."

Then, in the spirit of a man who taketh away as well as giveth, he added: "We can do something about emptying it as well."

Mrs. Grace Hartman, a vice-president of the Canadian Labour Congress and president of the Canadian Union of Public Employees, let the spiritual side down. She talked too long before lunch.

"This isn't the weight-watchers," said a delegate loudly, but not loudly enough.

"This congress will continue as a beacon of hope to a troubled world," said Mrs. Hartman in a desperate attempt to raise her address back to its previous level—but too late.

Her speech had knocked Baroness Jeger, the fraternal delegate from the Labour Party, and Mrs. Gladys Bunn, the delegate from the Co-operative Union, off the morning schedule and had made the audience aware of its stomachs and bottoms.

The spirit of fraternity has its limits.

John Lloyd

OTHER LABOUR NEWS

BL workforce urged to back Mini Metro

By Our Labour Staff

THE PROSPECT of efficient output of BL's new Mini Metro, unhindered by industrial relations problems, has been increased significantly by renewed shopfloor support for the project.

A bulletin from the works committee at the Longbridge plant, where the Mini Metro is being produced, has urged the workforce to ensure that the car is built to the highest possible standards.

It is also seen as a strong directive from the two major unions at Longbridge, the Transport and General Workers Union and the Amalgamated Union of Engineering Workers, that stoppages and industrial action should be avoided to ensure the success of the project.

The bulletin says: "With the industry in the midst of a major recession, it is essential that the Mini Metro is a winner, and we are convinced it is." It adds that the new car is capable of matching any vehicle of its class anywhere in the world.

BL said it believed the statement reflected new realism among its workers

Manual workers at Lucas accept 10%

BY LORNE BARLING

ABOUT 12,000 manual workers at 25 Lucas Industries factories in the Midlands have accepted pay increases averaging 10 per cent, having dropped their original 30 per cent claim in the face of severe recession and thousands of redundancies in the area.

Lucas Electrical recently announced cuts of 3,000 jobs among manual and white-collar workers and these are now being made. The company has agreed to delay issuing notices until September 12 so as many jobs as possible can be lost voluntarily.

Yesterday's pay settlement involved workers at factories related to the motor industry, the worst hit sector of the company's operations. They are Lucas Electrical, Lucas Girling, Lucas Batteries, and Lucas Service UK.

By a substantial majority, workers voted to accept pay increases of £11 per week for skilled employees, £9 a week for esmi-skilled and £8 a week for unskilled. Thes are bcakdated to June 1.

The company said: "The facts of the economic situation are well known, and we welcome their decision to accept the offer. We regard it as a victory for commonsense."

About 200 Lucas toolmakers in Birmingham have been advised by their shop stewards to reject a similar offer when they meet tomorrow, but the overall settlement has led to company optimism about the eventual average settlement with the 67,000 Lucas workers in the UK.

Those who accepted the offer yesterday were mainly members of the Amalgamated Union of Engineering Workers, the Transport and General Workers Union and the Birmingham Society of Metalworkers. An AUEW official said afterwards that the low figure reflected union recognition of the company's difficult position.

"There was no alternative in the circumstances, but we regard this as a one-off settlement. When things are better we will go for considerably more."

Productivity study by Civil Service unions

By Philip Bassett

CIVIL SERVICE unions have for the first time for many years raised the question with the Government of payments for improved productivity.

The Government has already set in train studies examining the possibility of incentive and efficiency payments

The Council of Civil Service Unions is faced with the difficult problem of reconciling different views on the issue

Having been told by Ministers that cash limits rather than wage comparability will determine Civil Service pay this year, some union officials see productivity payments as their sole chance of a rise beyond the cash limit figure of 10-12 per cent.

The suggestion is contained in a confidential letter from the Council to Mr. Richard Wilding, deputy secretary at the Civil Service Department.

● The Society of Civil and Public Servants has instructed its members in Government Jobcentres to black an official survey. This aims to examine the feasibility of abolishing the requirement to register for new employment.

All leasing companies claim they are competitive.

When we tender we aim to prove it.

There are five reasons why we believe you will find we are more competitive than any other leasing company:

1. __Flexibility.__ First we study carefully your individual requirements. We then construct a leasing package that we believe will enable you to take full advantage of your particular financial situation – thus maximising the return on your financial commitment.

2. __Experience.__ We have been handling a comprehensive range of leasing transactions in the UK for well over a decade.

3. __Talent.__ Our executives are drawn from banking, accountancy, legal and actuarial professions – professional people capable of understanding the financial aspects of your company's business and how they relate to leasing.

4. __Strength.__ We are a member of the Midland Bank Group which means our financial standing and resources allow us to take on virtually any size of leasing arrangement.

5. __Terms.__ You will find that our leasing packages are competitive and our terms are designed to relate directly to your projected cash flow requirements.

To be fully competitive in providing sound leasing packages, any other leasing company has to beat us on all five points. We think that will be difficult — that is why when you ask us to tender we believe we will win.

And that cannot be just our belief because, year after year, more and more companies are coming to us for their leasing requirements.

* * * *

__Competitive? We prove it when we tender.__

Midland Montagu Leasing Limited

Head Office: Gillett House, 55 Basinghall Street, London EC2V 5DN. Telephone: 01-606 5951/4. Member of the Midland Bank Group.

Regional offices: SOUTH: London 01-638 1674/8 MIDLANDS: Birmingham 021-454 4505 Leicester 0533-553104 NORTH: Leeds 0532-457591/2 Manchester 061-834 9766/7 Newcastle upon Tyne 0632-28797 SCOTLAND: Edinburgh 031-225 4648 Glasgow 041-221 5621 Aberdeen 0224-29441 NORTHERN IRELAND: Belfast 0232-28220.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● CONSTRUCTION

Old depots into new garages

IT MUST be a sign of the times—construction company Holland, Hannen and Cubitts is looking for old bus garages and tram sheds which might be converted into modern bus depots.

Cubitts is already under way with one job in Liverpool where it is modernising a Victorian tram depot for Merseyside Passenger Transport Executive under a £850,000 contract.

Conversion of the depot at Prince Alfred Road will give 15 full-length maintenance pits for servicing 148 buses. An adjacent building, at a higher level, is being equipped with bus washing and refuelling equipment and a new ramp, built through the corner of the gable end of the building, will link the two levels.

All over the country, bus operating authorities have old sheds, some designed for tram maintenance, others for handling the old generation of 27ft 6in long buses, which are completely unsuitable for the high-technology maintenance of the modern bus, claims Cubitts.

The latter adds that experience gained by Merseyside PTE project managers D. V. Ruck and Partners and Cubitts in the conversion of the Prince Alfred Road Depot opens a potential nationwide market, offering modern bus servicing facilities at a fraction of the cost of a completely new depot and preserving buildings, often listed as of particular architectural merit.

Filling and fixing

SAID to be a blend of oils, fibrous materials and polystyrene, a material developed in Denmark that can be used instead of sand and cement mixes for tiling, wall repairs, filling gaps round pipes and window frames and so on is to be marketed in the UK.

It is called PRT Contractors' Putty and will be sold through Scandinavian Building Compounds, Metana House, Priestley Way, Crawley, West Sussex RH10 2NG (0293 23152). The material is supplied in 30-litre bags. Before use the operator treads the bag to the required thickness and then cuts the material off in the required sizes.

Use of the putty avoids on-site mixing and it is claimed that the risk of irregularities which might occur with sand/cement mixes is eliminated. The material will withstand temperatures from minus 60 to plus 90 degrees C

It weighs much less than sand/cement mixtures and is thus easier to handle and will stand up to a depth of 150mm without slumping.

Hydraulic grout pumps

A RANGE of hydraulic grout pumps which will handle cement, pulverised fuel ash grouts, bentonite mortar and refractory material has been developed by Ackermann Plant of Easthorpe Road, Southwell, Notts NG25 0HZ (0636 814350).

One of the pumps will give outputs up to 8.5 cubic metres an hour and line pressure up to 60 bar. It has a 250-litre capacity hopper and is powered by an 18 hp Lister air cooled diesel engine.

Material being pumped flows easily from the steep-sided hopper by gravity and suction to the vertically aligned valve system in which steel balls seat naturally in a downward direction to ensure efficient sealing on suction and discharge strokes.

● SERVICES

Repair of fan blades

A COMPRESSOR fan blade repair service for the aerospace industry is now being offered by the European Coatings Service Division of Union Carbide, Drakes Way, Greenbridge Estate, Swindon, Wilts. (0793 29241).

The company says that it has for some time been coating with wear-resistant tungsten carbide the mid-span stiffeners of compressor fan blades used in most types of aircraft jet engines. The coatings combat high load and fretting wear.

Two European repair centres, in Swindon and Geneva have been set up and will offer the complete refurbishing of compressor fan blades. This will include blending, replacement of a damaged leading edge or tip by precison electron beam welding, weld repair of the shroud, straightening, glass bead peening, shot peening and other necessary processes.

The repairs are made at a fraction of the cost of replacing the blades, it is stated.

● COMPONENTS

Helps micros to multiply

MICROPROCESSORS are good at logic but poor at arithmetic. If asked to multiply 128 by 34.2, they add 128 to itself 34.2 times, a slow process which takes up valuable processor time.

That is why there is a market for chips which carry out fast arithmetic and support the microprocessor by taking over that function from it. GEC Semiconductors (01-904 9308) has just brought out a chip which carries out multiplication and which, the company claims, increases the speed at which a microprocessor multiplies by a factor of 10.

It is the MA8857 and is distinguished from its predecessor the 8807A by using only a single +5 volt supply, which should be a plus point with systems builders.

It is implemented in complementary metal oxide silicon (CMOS) technology and is fully compatible with transistor-transistor logic.

● SECURITY

Essential to be upright

BALMORE ENGINEERING introduced its "Beckon" audible alarm a year ago. Since then it has had wide-ranging enquiries, from the Commissioner of Irish Lighthouses to the Bank of England.

The device is basically designed to give warning if the wearer becomes unconscious—a mercury switch triggers the alarm if the wearer moves more than 35 degrees out of the vertical for any significant period of time. But the standard unit (£44) or the warble alarm (£52) are not much use in noisy boiler houses or stamping sheds.

Now Balmore has developed a version which incorporates a transmitter/receiver (£355).

It uses induction field radio transmission to pass alarm signals to a receiver located in the same building. Balmore is on 0734 471544.

● MINING

Guides coal cutter

NATURAL gamma radiation present in certain rocks and shales is being used by Salford Electrical Instruments, under contract from the National Coal Board, in a novel technique for guiding coal-cutting machinery.

The guidance system incorporates a natural gamma probe which can be fitted directly on to the coal-cutting machine, a microprocessor-based indicator unit, a remote indicator and a power supply.

Many minerals emit more gamma radiation than their surrounding environment. This is especially prevalent with shales and rock above and below many coal seams, when the gamma activity may be up to ten times greater than that from the coal.

The radiation detector used in the system is the Salford Type 801 natural gamma probe, which would normally be mounted on the coal-cutting machine. It monitors the level of natural gamma flux penetrating the roof or floor of the coal seam and provides both pulsed and analogue outputs proportional to the count rate.

The probe can monitor coal seam thicknesses of up to 50 cm where the gamma activity of the overlying or underlying material is nominally 20 picocuries per gramme in the energy band 30KeV-2MeV. The electronic characteristics of the probe and related indicator units allow it to function efficiently at machine speeds of up to 6 metres/min., Salford claims.

Signals from the probe unit are coupled to the microprocessor, which converts radiation-level measurements into coal-thickness information.

This is then displayed on a vertical column of light-emitting diodes, which also gives the machine operator a clear indication of the predetermined coal thickness to be left on the roof or floor and the deviation in 2cm steps from this nominal thickness.

Details from Salford Electrical Instruments, Barton Lane, Eccles, Manchester M30 0HL (061-789 5081).

● DATA PROCESSING

Prints in shades of grey

DETAILS OF X-ray scans of living tissue, the geography of the sea bed and the presence of alien submarines are all within the compass of a new graphics printer from Bell & Howell.

The printer produces images of photographic quality through a special writing head which makes possible a matrix of 40,000 picture elements for each square inch of print-out.

The printer uses thermal technology. Carbon impregnated electrosensitive paper is the key; 128 styli are set in eight modules of 16 styli across the paper and under digital control, the styli burn a precise amount of coating from the paper to expose the carbon base colour.

It means that each picture element can be created in one of 16 true grey tone steps from white to black.

No warm up period is needed and no processing, heating or toners are required. The storage life of the paper before or after recording is practically limitless.

The printer will interface to popular minicomputers such as the PDP-11 or the HP-21 and to video sensors. It costs £6,300 cased or £3,000 uncased. Bell and Howell is on 0256 20244.

● COMMUNICATIONS

First move into fibre optics

ONE OF the world's major microelectronic circuit manufacturers has taken its first commercial step in the fast growing area of optoelectronics.

National Semiconductor has announced an all purpose fibre optic receiver amplifier which it says operates at high speed but low noise.

It is designed for fibre optic data communications between, for example, computers and their peripherals, short distance telephone links and medical monitors.

National Semiconductor claims that its new device, the LH0082, at £22.91 in one-off quantities, is only one half to one third the cost of comparable products, while offering better performance.

Data rates of up to 45 megabits a second at 22 microwatts to six megabits a second at 330 nanowatts can be achieved with an infinitesimally low bit error rate.

The LH0082 is a hybrid machine that can be used either as a fast current to voltage converter or a high speed voltage amplifier. It can be used with photodiodes and also phototransistors. Details from National Semiconductor on 0234 47147.

● SHIPPING

Cleans and paints the hull

THE ARDUOUS and difficult job of cleaning the hull of a ship prior to painting is simplified by a new system developed in Holland.

It is suitable for docks 30 metres or more wide and involves a carriage moving on rails along the wall of the dock.

The carriage is fitted with a telescopic arm which can be rotated horizontally through 180 degrees and vertically through 140 degrees. At the end of the arm there is a working platform which carries the cleaning and painting equipment.

The cleaning and painting operations are controlled from a cabin mounted on the plant or on the platform.

According to the manufacturers, Stork Services BV, a subsidiary of Vmf-Stork of the Netherlands, the working platform, in following the contours of the side of the vessel, gives the advantages of shortened berthing time in drydock because the work is completed more rapidly, and elimination of dirty work which the system can carry out by remote control.

The development work was carried out in cooperation with Hilton Industries of Limburg; the first system is to be delivered to Gdansk shipyard in Poland.

Stork Services is based in the Netherlands on (020) 158834.

● METALWORKING

Saves sharpening time

A NEW grinding wheel manufactured by Arthur Martin of London can save up to 30 per cent in cutter sharpening time, according to the company.

The new wheel, a Norton dish, incorporates a special "Aztec" resinoid bond specifically developed for dry grinding hardened high speed tool steels.

According to Arthur Martin, the wheel is driven at 3,540 revolutions a minute and contains 80/100 U.S. mesh De Beers nickel clad grit—it is used typically in cutter sharpening where some 0.25 to 0.38 of stock is removed from the face in a series of light cuts.

The improvement in performance shown by the "Aztec" wheel over conventional grinding wheels is said to be the result of a massive reduction in wheel dressing and the elimination of resetting over complete batches of cutters.

The use of soft-grade aluminium oxide wheels for face grinding has traditionally involved dressing and resetting every two or three teeth. More on 0990 23456.

● PACKAGING

Wraps sweets at speed

HIGH efficiency at operating speeds in excess of 1,100 cut and wrapped pieces a minute is claimed for Rose Forgrove's new machine for the confectionery industry. The machine is said to be suitable for a wide range of products, including toffee, fruit chews and high-boiled candy.

The design incorporates electronic synchronisation of batch feeding to ensure that the material is processed at the optimum rate. The wrapping material, waxed paper or cellulose film, feed engages automatically when the product is moved in and disengages when the supply ceases.

A misfeed of the wrapping material actuates a patented stop which immediately halts the product flow. It is claimed that cleaning time is minimised, since there is no possibility of unwrapped pieces passing through the machine.

Optional features include water-cooled candy knives for unusually "sticky" products and photoelectric cell registration for printed and registered wrapping material.

Details from Rose Forgrove, Seacroft, Leeds LS14 2AN. (0532 648177).

● ACOUSTICS

Reduces the noise

A SIMPLE means of sound-proofing noisy equipment such as diesel generators, compressors, chillers and large fans has been developed by Eurofan SV, Sittingbourne, Kent (0795 21661/2).

The sound-proofing consists of sheet-metal or plastic panels carried by a patented framework system using a combination of multi-angle sections and self-locating corner posts. This enables complete enclosures to be supplied in kit form for rapid assembly on site without the need for special tools or skills.

Available in standard modules or specially made to a customer's requirements, the enclosures can be supplied in most sizes for noise suppression or weather-proofing or both duties combined.

The framework incorporates a rebate into which the cover panels are fitted, again without special tools. The panels are available in a range of specifications depending on the duty. Modular construction also facilitates the incorporation of observation panels, access doors or louvres in any position.

● CONTROL

Links chip to chore

FLUKE, THE electronics company, has produced a microprocessor based device to form the link between the real world and a host computer or instrument controller.

The 2400A Measurement and Control Link should find applications in process control and other areas where input from many sensors has to be monitored. It can monitor process parameters using up to 1000 analogue inputs, 32 binary/binary coded decimal inputs and 1024 status on-off states.

According to Fluke it can easily be programmed from the host computer or controller.

It consists of a mainframe chassis containing a central processor for controlling the system operation and memory for program storage and data buffering.

An optional analog to digital converted may be added to the system. More from Fluke on 0923 40511.

● MATERIALS

Panels will resist fire

EXPECTED TO come on the market early next year is a range of glass fibre reinforced cement panels which have been developed following collaboration between Tarmac and a Dutch company Veldhoen Isolatie BV.

Tarmac says the panels are of composite construction, having dense GRC skins enclosing a core of lower density, showing an appreciable weight saving over dense GRC. The manufacturing method allows sheets to be produced to an accurate uniform thickness.

Mechanical properties include high impact resistance, good stiffness and strength to weight ratios. The panels can be tailored by varying fibre content, skin thickness and overall dimensions. Sheets up to 2400 x 1220mm with thicknesses from 18 to 50mm have been made and greater thicknesses are said to be possible.

Ingredients used in manufacture are almost entirely inorganic, making the panels particularly suitable for use where substantial fire resistance is needed.

Full technical information can be obtained from S. H. Cross or T. R. Evans, Velmac, Tarmac Industrial Holdings, PO Box 8 Ettingshall, Wolverhampton WV4 6JP. 0902 41101.

● SOFTWARE

UK language preferred

A COMPUTER language designed in the UK to make it simple for business people to interrogate computer files has now been adopted world wide.

The language, called Tabol, was written by Geisco, the UK subsidiary of the information services division of the American General Electric Company.

Geisco operates the Mark III network, a massive computer time-sharing operation with data centres in the U.S. and in Europe.

Until now, Tabol has been available only to European users. Now it has supplanted the U.S. written equivalent for the entire Mark III service.

Geisco said this week: "The U.S. company saw the quality of Tabol and decided to back it as the language for the 1980s."

Tabol makes it possible to use simple English-like commands to have reports written or "what if?" questions answered.

Typical Tabol applications include financial reports, forecasting and budgeting, cash flow and tax analysis.

Geisco is on 01-242 5725.

Teutonic lessons for the Tories

At a time when the recession is forcing European governments, including the British, to consider increasing their industrial aid, two reports published today—and examined by JOHN ELLIOTT below—throw new light on how different countries provide help for industry. The first examines the relative success, and failure, of selective State intervention in Germany and Britain. The second compares those agencies in different countries which provide advice and finance to small businesses; it argues that new organisations should be set up in the UK

Successive German governments, including Chancellor Schmidt's current administration, have operated an "extensive array of selective aid policies far more effectively than has the UK." The German experience appears to have had a significant impact on Sir Keith Joseph's attitude to particular types of industrial aid

GOVERNMENT provision of selective financial aid to industry has become one of the most contentious issues in the British political arena over the past few years. Toyed with reluctantly and cautiously by the 1970-74 Conservative Government, it was expanded rapidly by Labour between 1974 and 1979. Now, after initially being rejected as unnecessary by the present Government, it is finding its way back into active use.

The debate about the rights and wrongs of such selective aid has often been conducted in the UK as though it were a peculiarly British phenomenon shunned by more successful capitalist economies such as the U.S. and Germany.

But gradually it is being realised how far this is from the truth, and that many other countries have developed their own ways of helping chosen industries. *The fact that they do so has* had a *significant impact* on the attitude of Sir Keith Joseph, the Industry Secretary.

Fresh light on this foreign activity is shed this morning in a report prepared by Alan Peacock, a former Department of Trade and Industry senior economic advisor, who examines aid schemes in Germany and those operated in the UK up to the general election last year.

His work is specially relevent at a time when the Government is facing fresh pressures to introduce new forms of aid to counter *the recession* because it shows that Germany has apparently operated an extensive array of selective aid policies far more *effectively than has the UK.*

The most obvious difference between the two countries' use of structural policies, according to the report, is the much heavier emphasis placed by UK Governments on the use of interventionist instruments in attaining macro-economic goals. This is shown by the greater UK expenditure on industrial subsidies, say Peacock and his co-authors.

A comparison of direct aid to industry through grants and loans shows that in 1977 and 1978 support for UK industry totalled £2.8bn, more than twice the amount spent in Germany. This difference almost entirely reflected the more widespread use of subsidies in the UK.

"Comparing individual programmes shows that in Germany grants and loans for aerospace and innovation and mining and energy exceeded those in the UK, while expenditure on regional support was broadly similar (though with a greater emphasis on tax allowances in Germany).

"But, while in the UK almost all manufacturing industries received some degree of selective subsidisation, financial aid to German manufacturing industry is restricted to very few industries."

The methods of providing the aid have been broadly similar *in the two countries—investment* and research and development grants, tax allowances for investment, lower interest loans, loan guarantees and interest relief grants.

Priority

"In both countries Governments have stressed the need for structural intervention to be directed towards the promotion of industrial growth and technological advance," says the report.

"Yet, comparing the two countries, it is quite clear that the maintenance of declining industries and unprofitable firms has been accorded a far greater priority in the UK than in Germany. Maintenance aid in Germany has been allocated mainly to mining, the energy industries and transportation. With the exception of shipbuilding, little aid has been given to declining manufacturing industries and virtually none to particular enterprises in financial difficulties."

This is demonstrated by the way that the two countries treated their motor industries in the 1974-75 recession. In the UK the Government took over BL and gave it heavy financial support to maintain output and employment. In Germany the *Government did not interfere* in Volkswagen's plant closures and redundancies, but offered financial incentives for the expansion of industry and employment in areas affected by the car company's contraction.

There is also a marked contrast in the two countries' support for their computer industries. Picking "a winner," Germany has spent more than the UK in this area even though its total selective aid budget for all industries is much smaller.

From 1971 to 1975 for example, says the report, West German State expenditure on support for the computer manufacturing industry, computer applications, and research, was at least four times greater than that in the UK even though the industries were of roughly the same size. British support has also been less than that of France and Japan for their computer industries.

By concentrating on ICL, says the report, the British Government also showed a "large firm bias" which meant that small and medium sized companies were mostly ignored in the UK. But Germany had an active policy to help such companies.

"Not only has UK policy been more selective, it has also been more interventionist," argues the report. UK policy measures have included public ownership, industrial restructuring and discriminatory public purchasing policy. West German policies, by contrast, have been concerned exclusively with financing research and development, taking the form of three medium term programmes for the data processing industries.

The UK's recent shift in emphasis towards microprocessors, small systems and peripherals has been in response to recognition of deficiencies in the UK's electronic data processing performance, the report says.

"These contrasts in policy reflect general differences between the conduct of industrial policy in the two countries: UK industrial policy tending to be more selective, more interventionist, more concentrated upon large firms, and heavily influenced by short term factors.

"German industrial policy has been less dirigiste and has sought to be compatible with the competitive market economy by avoiding direct structural intervention and discrimination between individual enterprises."

This analysis does not support a total rejection of selective aid. What it does do is to support Sir Keith Joseph's apparent preference for aiding high technology enterprises, small businesses, and research and development, usually without any direct Government intervention, rather than taking over or propping up lame ducks.

Structural Economic Policies in West Germany and the UK. By Alan Peacock in collaboration with Rob Grant, Martin Ricketts, G. K. Shaw, Elaine Wagner. The Anglo German Foundation, St. Stephen's House, Victoria Embankment, London, SW1. Price £15.

The case for more quangos in the land of Lilliput

THE debate of the past few years over whether Britain should have some sort of central small business development agency may come to a head this winter as Government Ministers cast around for means of helping industry cope with the recession. Interests within the Conservative Party have been urging such an innovation for some time, and there has also been pressure from a number of representative organisations.

Ideas which have been discussed range from merging some of the Government's existing agencies to setting up a new brace the debate about whether there ought to be state-backed guarantees for bank loans. It has also been suggested that some way of co-ordinating the voice of small firms should also be found, possibly with Government assistance.

A short report published today for the Shell Small Business Unit which ranges over these suggestions may play a catalystic role in the political debate. Its proposals include setting up both a new English Development Agency for Small Firms and a Small Firm Research Institute, as well as expanding the Industry Department's small firms division, and making more use of chambers of commerce.

Such ideas are unlikely to be eagerly welcomed by a Government which instinctively prefers to abolish rather than create quangos. But the report does support its ideas with details of agencies and institutions which exist in other countries, demonstrating that the UK's small businesses are not so comprehensively catered for as those abroad.

Written by Graham Bannock who, ten years ago, was the research director to the Government's Bolton Committee on Small Firms, the report says that "experience abroad simply strengthens the existing case for doing more to promote small business in the country and suggests the feasibility of some new departures."

One main difference between the UK and other countries is that financial information and counselling services are much more decentralised abroad, partly because extensive use is made of private sector institutions, the report says.

Germany, for example, provides most of its financial assistance to small businesses through commercial banks, via State-owned financial institutions. State loans and guarantees are channelled through private sector credit guarantee companies, and the Government also finances training, counselling and other assistance through Chambers of Commerce and small firms' representative bodies.

In the Netherlands, a State-backed credit guarantee system is operated by commercial banks, as it is in Canada. In Japan there are a number of State-financed institutions specifically concerned with finance, and the Government subsidises consulting services of chambers of commerce and trade associations.

The French Government provides financial assistance to small businesses through both public and private institutions, and has subsidised the establishment of advisory centres in chambers of commerce.

In the U.S. the Small Business Administration — frequently cited in the UK as a model to be copied—is shifting the operation of its loan guarantee to commercial banks, and is also developing consultancy services through universities.

A second difference noted by Graham Bannock is that, unlike Britain, other countries have wholly or partly State-financed institutes concerned with small businesses' economic and technical research and training facilities. The Netherlands, for example, has a Central Institute for Medium and Small Industries (CIMK) and a Small Firm Economic Research Institute (EIM). Japan has a Small Business Promotion Corporation and a Small and Medium Business Information Centre, while Germany has a Small Business Research Institute.

Complex

"Despite the existence of much stronger small firm lobby organisations in other countries, many Governments also think it important to have formal channels of communication with the small firm community in addition to its contacts with representative bodies," says Bannock, citing the German Council for Small Business and the Liberal Professions, which advises the Minister of Economics, the Dutch Council for Small and Medium Sized Businesses, and the U.S. Small Business Advisory Council.

But the report suggests that it is the "sheer scale of activity" which is the most striking difference between the UK and abroad. It says that the German and Japanese Government's small firms' departments have over eight times more staff than the UK Industry Department's small firm division, while the total of Germany's European Recovery Programme loans is seven times greater than the total provided by the UK's Council on Small Industries in Rural Areas (CoSIRA) and the Scottish and Welsh Development Agencies.

The conclusions reached from this study are somewhat complex and cut across the different interests which the Government has in helping small businesses for their own sake, developing the regions, and reviving inner cities.

It is suggested that the Industry Department's at present somewhat limited small firms' division should be expanded and perhaps then either hived off as an independent organisation or transferred to the Environment Department.

CoSIRA's existing parent body, the little known Development Commission, would be responsible to the small firms' division. The Commission would take over the small firms division's counselling and advice services and it would also create a new English Development Agency for Small Firms (initially proposed by the Wilson Committee on Financial Institutions) to operate alongside CoSIRA.

The English Agency would inherit various regional aid responsibilities from the Industry Department and inner city functions from the Environment Department and would operate any bank loan guarantee scheme that might be introduced. It would work closely with private sector institutions and chambers of commerce and might have some responsibility for the National Research Development Corporation.

A Small Firm Research Institute would also be created, funded jointly by large companies and the Government. It would publish an annual report on small firm policy, review UK and EEC legislation, provide research and publishing help, and collate statistics. Linked with this attempt to "provide more sophisticated weaponry for small firms' interests," chambers of commerce should be given public law status to help them represent small firms and, eventually, they might help to found a new Small Firms Council.

The Organisation of Public Sector Promotion of Small Business. A Discussion Paper. Economists Advisory Group for Shell UK, World Trade Centre, 52, St. Katherine's Way, London E1.

Business courses

Coping with Conflict and Managing Change, Uxbridge, Middlesex. September 29-30. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

Essentials of Euromarket Law and Documentation, London. September 22-23. Details from AMR International, 6-10, Frederick Close, Stanhope Place, London W2 2HD.

China: The New Pattern of Finance and Banking, Copenhagen, September 18-19. Details from Management Centre Europe, 4, avenue des Arts, B-1040 Brussels, Belgium.

The Management of Development Work, Oxford. September 21-26. Fee: £400 (plus VAT). Details from Eurotech Management Development Service, 13, Holder Road, Aldershot, Hampshire GU12 4RH.

Senior Executive Redeployment, London. September 30. Fee: £95 (plus VAT). Details from Oyez IBC, Legal Studies and Services, Norwich House, Norwich Street, London EC4A 1AB.

Management Control, Durham. September 21-October 3. Fee: £625. Details from Durham University Business School, Mill Hill Lane, Durham City.

Using Financial Figures in the Boardroom, Cranfield. October 5-10. Details from Cranfield School of Management, Cranfield, Bedford, MK43 0AL.

Principles and Practice of Marketing, Bradford. September 28-October 3. Fee: £310. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Finance for the Non-Financial Executive, Slough. September 29-October 3. Fee: £300 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Industrial Legislation and the Supervisor, St. Helens, Merseyside. October 7-9. Fee: £60. Details from School of Management Studies, St. Helens College of Technology, St. Helens, Merseyside WA10 1PZ.

Employee Reports and Value Added Statements, London. October 2. Details from The Registrar, Charterhouse Management Courses, 23/24 Old Bailey, London EC4M 7PG.

Why Don't the British Buy British? London. October 6. Fee: £100 (plus VAT). Details from Oyez International Business Communications, Norwich House, 11-13 Norwich Street, London EC4A 1AB.

Zero Base Budgeting, London. October 27-28. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Accounting for Non-Accountants, Worthing. October 27-28. Fee: £130 (plus VAT). Details from Course Registrar, MSS Computer and Business Consultancy, MSS House, 54 Chapel Road, Worthing, West Sussex, BN11 1BE.

The Effect of International Consumer Protection Laws in Europe, London. October 15-16. Fee: £155 (plus VAT). Details from the Institute of Quality Assurance, 54 Princes Gate, Exhibition Road, London SW7 2PG.

Company Tax Appreciation, London. September 29. Fee: £70 (plus VAT). Details from Courses Secretary, Mobile Training and Exhibitions, Imperial Buildings, 56 Kingsway, London WC2B 6DX.

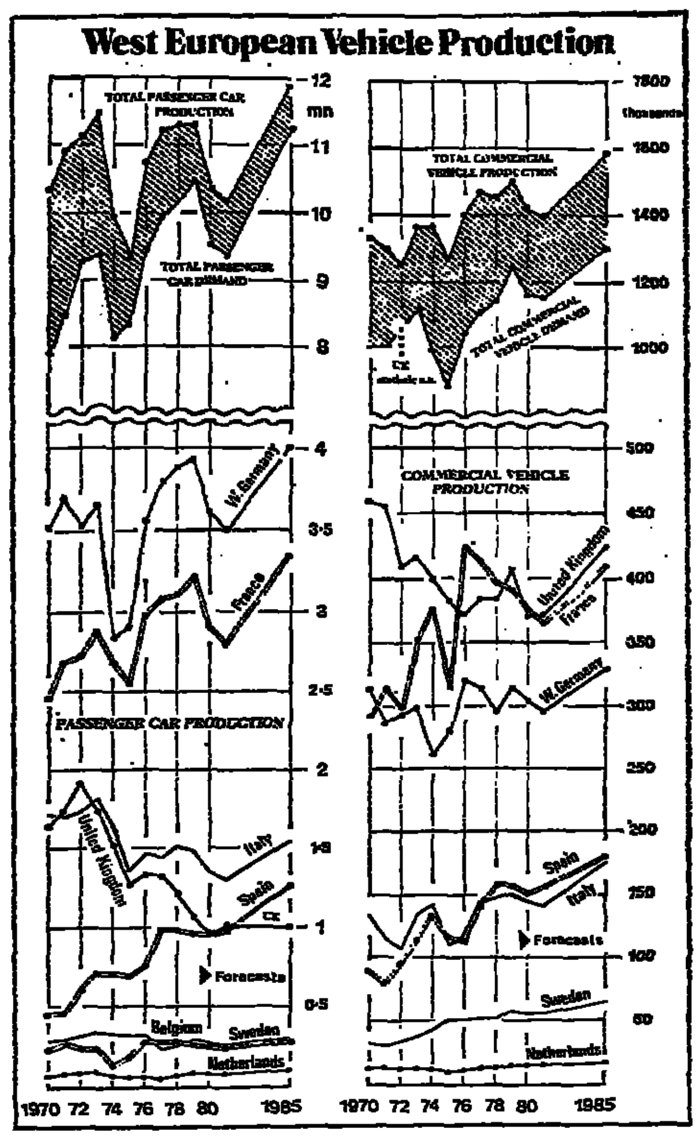
Microprocessors for Production—Investment and Successful Application, Uxbridge, Middlesex. October 20-22. Fee: £220. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

FINANCIAL TIMES SURVEY

Tuesday September 2 1980

European Vehicle Components

The recession in vehicle production is likely to accelerate the expected rationalisation in the European vehicle components industry. Future trends will no doubt favour the bigger companies with a broader financial base.



Source: The Economist Intelligence Unit forecasts and various national authorities

Suppliers prepare for big changes

By Kenneth Gooding

Motor Industry Correspondent

THE CURRENT state of the motor industry was summed up recently by M. Bernard Vernier-Palliez, chairman of Renault, when he commented: "The history of the world is made up of long periods when nothing much happens and then times when great changes take place very quickly. The motor industry has left the first phase and entered the second."

In other words, an industry familiar with evolutionary changes has moved to a time of revolutionary ones. The car, truck and engine makers have begun the hectic battle to bring into production products which will use less fuel, yet be more safe and last longer than before.

Much of the burden of this sudden change must fall on the independent components industry which supplies around 40 per cent of most cars and many trucks.

The components industry itself is certain to change its structure under the strain. Mr. Brian Hill, chief executive of Turner and Newall's automotive components division, says the component industry must develop into one with fewer but bigger companies.

"For example, the multinational assemblers are insisting that important suppliers source from at least two countries for security reasons. Immediately this puts a strain on the resources of smaller companies," he says.

And Mr. Peter Batchelor, sales director of AC Delco, the General Motors subsidiary, suggests: "Only the really big components suppliers are going to have the resources to keep up with the changes, not just in technology, but output, as well.

"It now costs about £60m to develop a new model and get it into production. When you remember that 35-40 per cent of its value *is going* to be *in* bought-in components you are talking about research and development on a huge scale by suppliers — and that means they have to be big."

The European industry in particular seems ripe for rationalisation. In the U.S., the three main car makers produce about 9m vehicles in a normal year and there are about 30 major component suppliers. In Europe, there are 12 major car makers producing only slightly more vehicles and buying from ten times as many suppliers.

The other pressure for *rationalisation comes from the* over-capacity in the European components industry. The emphasis in the car market now is for smaller vehicles because they use less fuel. But smaller cars have fewer components.

And the demand for longer-*life components will also* exacerbate the over-capacity problem.

The Western companies' barter deals with developing countries and Eastern Europe will also put the squeeze on suppliers of low-technology items. Some Western groups have long-term commitments to *buy low-technology products* such as wiring harnesses which can be produced at low cost in *low-wage countries. They have* entered into these deals usually so as to be able to send their vehicles to otherwise "closed" markets.

Examples of Eastern European links include the arrangement where Raba of Hungary is supplying truck rear axles to Eaton, Ford and Bedford *(General* Motors truck subsidiary) and seems likely to win another Western customer in the *International Harvester* group. General Motors is also buying automotive components and castings from Delova in Yugoslavia.

Major threat

However, the biggest threat from the developing countries *seems to be in the component* aftermarket where there has been a steady stream of poor-quality (some say even lethal) products reaching the retail trade, packaged to appear like genuine branded parts and sometimes using, illegally, well-*known brand names.*

This is happening even in Europe—where exact replicas of packages and brand names are, to some extent, easy to protect. *But in other countries,* such as Nigeria, where there is not so much protection, the "cheap" products depress prices throughout the aftermarket.

The industry suggests the majority of these poor products originate in Taiwan.

There seems to be no over-capacity *in* Europe for high-technology components, however.

And home-grown high-technology can often be the best protection for any independent component supplier at a time, like the 1980s threatens *to be, when the successful car* and truck assembly groups are increasing the volumes of individual components they require to the point when they must consider making those components themselves.

Mr. Bob Gillison, president in *charge of Eaton's truck com*ponents operations, takes up the point: "Those truck companies which *will make* more in-house components will tackle those of low technology first. And even if you have the technology, the cost is enormous. *For example, you need $2m a* year to put in the capacity for 1,000 truck axles or transmissions."

Joint ventures between the *assembly groups also seem to* pose a threat to the independent component producers. The classic example is the recently-announced link between Renault and Volvo. This will certainly lead to the French group supplying a substantial quantity of *components and assemblies to* Volvo—possibly at the expense of the UK components industry from which the Swedish concern now buys well over £100m of parts a year.

The big upheaval in the car industry has been caused by the *dash to produce smaller, more-*European-style models in the U.S. by manufacturers required by law to increase the miles per gallon offered by their vehicles.

This opens up the possibility of an enormous "Atlantic" market for components suppliers with the right products for both European and new-style, smaller American cars.

Ford UK chairman Sir Terence Beckett *has* suggested that European companies were well-placed to supply assemblies and *components for the so-*called "world cars"—to supply engines, transmissions, back *axles and so on*—in Sir Terence's words, "the valuable heart of the motor car."

But most European companies agree with the views *of Turner and Newall's* Mr. Hill, who maintains: "The States offers marvellous opportunities. But only for two or three years. Then the local companies will have developed their own capabilities.

"And then, of course, comes *the threat of* export of components on a major scale from the U.S. to Europe, cutting away the Europeans' home base."

Location

However, only a few major components or assemblies will be made on a vast scale at huge *plants. Car and truck assembly* groups will still require most component suppliers to be reasonably close to their assembly plants.

The major car companies flood their suppliers with a continuous deluge of paperwork, mainly to help ensure that the components supplied remain of consistent quality. This quality control procedure is mainly carried out by relatively junior *managers who are able to cope* adequately because the supplier is only just down the road and literally speaks the same language.

It is not surprising, therefore, that Ford's "world car," the new Escort will have a 95 per cent local content in the U.S. and that most of the outstanding 5 per cent will not be supplied from Europe, where the Escort will appear in a different shape, but from Japan, where it will not (not) be made. Toyo Kogyo *will provide* manual transaxles to Ford U.S.

The significance here is that Ford finds it less expensive to buy from its 25 per cent owned associate in Japan (Toyo Kogyo) rather than from its 100 per cent subsidiary in Europe.

There is no doubt that as labour and other manufacturing costs in the Western nations escalate alternative sources of supply will be used—with Latin America and the Far East as the obvious ones.

Volkswagen, Fiat and Scania already find it worth bringing some Latin American components or assemblies from either Brazil or Argentina. Daimler-Benz is tackling the U.S. *truck market* by using Brazilian components for assembly there.

And, as the example of Ford's use of the Toyo Kogyo transaxle shows, the Japanese are well to the fore in the competition to win "world car" or "world truck" component contracts during the 1980s.

*So far the Japanese com*ponent industry has shown little inclination to set up production facilities outside Japan. The question is: will that change when the car and commercial vehicle companies begin to set up plants in other countries? *Many European component* companies believe this will not happen.

The Japanese component industry is expected to remain mainly an exporter. Major component companies such as Nippon Denso and Mitsubishi *have a 10m-units-a-year home* vehicle market and high productivity. That gives them a price advantage which enables them to absorb *the cost of* shipping components over long distances.

For some European component companies the medium-term and longer-term challenges are being obscured by current market conditions. The recession in the European car and truck markets is becoming more severe *than most* people expected and this is creating an atmosphere of uncertainty. How long will the climb back be delayed?

Inevitably, the fortunes of the components makers are tied to those of the companies they supply. Recessions always show up any weakneses and this recession might well start the expected shake-up in the structure of the European *components industry.*

CONTENTS

EUROPEAN VEHICLE COMPONENTS II

Increase in joint research ventures

THE 1980s will be the decade of joint ventures within the motor industry. The burdens are so heavy on the car and truck makers that, as they attempt to bring the new breed of fuel-efficient vehicles quickly to the market place, they are having to join together—or with outside component manufacturers—because there simply is not enough in the way of human resources or finance to accomplish the job any other way.

There is already a long list of joint projects covering an enormous variety of products and areas. These related to the components sector include the following, selected at random.

Six major companies—BL, Fiat, Peugeot SA, Renault, Volkswagen and Volvo—have signed an agreement to work together on long-term, high-technology automotive research. They will pool resources in such areas as combustion technology, corrosion, surface treatment, computerised engineering methods and the properties of new materials.

Saab of Sweden and Lancia, Fiat's up-market subsidiary, are jointly developing cars for the mid-1980s.

Fiat, Alfa Romeo — Italian neighbours — and Renault each have one third of an engine production facility. SOFIM (Societa France-Italiana de Motori).

Fiat has bought an option to use Yamaha of Japan's injection control systems.

Nissan (the Datsun group) has been commissioned by Peugeot SA to carry out a pollution study in Japan.

Fiat and Borg Warner have taken shareholdings in Van Doorne in Holland to develop an infinitely variable automatic transmission.

BL is to produce a medium-sized car, the Bounty, designed by Honda and using Japanese engines and transmissions.

High technology

Renault, Peugeot and Volvo are joint owners of a high-technology, six-cylinder, aluminium engine manufacturing plant at Douvrin, northern France.

Renault and Volvo will co-operate in the design and production of car components and Renault has the option to take a stake of up to 20 per cent in Volvo's car operations.

BMW and Steyr-Daimler-Puch have a joint venture to produce diesel engines in Austria by 1982.

MAN and Volkswagen are in joint production of trucks ranging from six to 11 tonnes for which each partner supplies some major components.

Volkswagen and Daimler-Benz each owns 50 per cent of DAG (Deutsche Automobile Gesellschaft), a research and development organisation.

Peugeot SA and Fiat will jointly manufacture steering systems at La Rochelle.

Renault and Bendix have set up an automotive electronics facility in France.

There is little doubt that practically every company of any significance in the world motor industry is talking to two or three others about some potential joint project.

BL provides a useful illustration. As a State-owned company, it must live under a constant spotlight. It must also give much more information about its activities than is usual to outside organisations — on one side, the National Enterprise Board and the various Government departments and, on the other, to the many trade unions represented at its facilities.

We discovered recently, for example, that BL had started preliminary talks with BMW about a potential swap of components. We already knew that similar talks have taken place with Volkswagen and with Renault.

Not every possible BL deal is "leaked," however. Right until the last week or so before the announcement, the deal with Honda was kept secret. Then certain people at the plants to be visited by the Japanese had to be told — and the news was revealed.

And there was no whisper of the deal between Leyland Vehicles, BL's truck and bus subsidiary, and ZF of West Germany before it was formally announced that Leyland would be making a new ZF heavy duty gearbox under licence at the Albion plant in Glasgow from 1982 onwards.

Security is important because when car or truck companies talk about possible co-operation they usually have in mind new vehicles which will not be launched for a few years. And no company likes the world at large to know too much about its future product lines.

Despite the relatively large number of projects already completed, joint ventures are particularly difficult to put together in a way which pleases the participants enough to bring them to the point of signing on the dotted line. All manner of obstacles have to be overcome, not the least being that sometimes the people who have to talk face-to-face about the details. By all accounts, the talks between BL and Renault became bogged down because the individuals working on the plans did not get on at all well together.

The extreme difficulty of finding the right formula even when there seems to be a great deal of logic in a potential deal is well illustrated by the failure so far of DAF of Holland and Dodge, Peugeot SA's truck subsidiary, and International Harvester of the U.S., to come up with a suitable scheme for combining joint development of future vehicles in Europe.

One interesting aspect of the random list of joint projects mentioned here is that Continental companies which, for historical reasons, have favoured the manufacture of a large proportion of their component requirements — in particular, Fiat and Renault—figure prominently.

This would seem to indicate that individual companies are finding it more and more difficult to justify in-house facilities, purely for their own requirements. For example, Ford, which in the past has supplied its own engine castings, decided to buy aluminium castings for its new engine from outside suppliers (principally, Fiat subsidiaries), rather than spend time and money doing its own thing.

Independent component and proprietary assembly suppliers are certainly noticing, in general, a greater willingness on the part of Continental vehicle producers to discuss sourcing arrangements.

Advantages

According to a recent Economist Intelligence Unit report —"The Western European Automotive Industry: Where now in the 1980s?"—independent suppliers should derive increasing benefit from the economies of large scale manufacturing.

This is of particular importance in an age when even the production of quite straightforward items can involve highly sophisticated, advanced and expensive machine tools. The benefits of long production runs will be further evident as customers agree to standardise on a limited and common range of parts per component.

Another big advantage of the independent suppliers is that of specialisation.

As the EIU pointed out: "Technology is advancing so rapidly in many areas that only those companies capable of investing in comprehensive research and development facilities will stand a chance of remaining technically competent.

"Furthermore, because of their specialisation, it is contended that most of the technical innovation built into vehicles of the 1980s will originate from the component manufacturers; this is expected to be especially true in the field of electronics.

"It is doubtful, therefore, whether the vehicle manufacturers will have at their disposal the necessary finance—let alone the technical skills—to match the research efforts of the component suppliers. Nor is this advantage likely to be restricted to advanced products. Even quite mundane items, such as leaf springs, have the potential to undergo radical change through the use of new materials."

Kenneth Gooding

Hugh Routledge

Leyland Vehicles, the truck, bus and agricultural tractor subsidiary of BL Commercial Vehicles now has a licensing agreement with Zahnradfabrik Friedrichshafen AG (ZF) of West Germany, one of the world's leading producers of gearboxes. Above: Mr. David Abell (right), chairman and managing director of Leyland Vehicles, who signed the agreement with Dr. Ernst Braun of ZF

Electronic systems become more competitive

IT HAS been predicted that by the mid-1980s the automotive industry will be the largest single user of microprocessors and associated microelectronics circuits. Manufacturers have said that more than 30m cars are likely to be produced during this time in the U.S. alone, each having at least three microcomputers. And about 15 per cent of the total value of a vehicle will represent the electronics content.

With rising fuel prices, electronics is going to be even more important as manufacturers strive to reduce petrol consumption of vehicles. In the U.S. and Japan, legislation introduced because of worries over diminishing oil supplies has forced manufacturers to use electronics since it was the only way that cars could be made to comply with the rules, economically and within the time limit provided to enact the legislation.

Consumers, equally worried by rising petrol costs, have been more concerned to buy new cars which can keep their fuel bills as low as possible.

During the early 1970s there were attempts to introduce electronics to control and improve a vehicle's performance. Car makers at that time found that electronic equipment was more expensive than the mechanical systems then in use, and early systems were also found to be unreliable. Electronics could not survive the extremely harsh environment existing, particularly under the bonnet of a car or truck.

Surprisingly, it is more severe than those met in aircraft or spacecraft. In military applications where conditions may be comparable no expense is spared to protect the electronics. But in the cost-conscious world of car manufacture—electronics would not have been economically possible.

Today, with the advent of the microprocessor and efforts of the electronics designers who could see a vast market for their circuits, many of the controls will soon be economic to install on a mass scale.

Benefits

Studies of electronic systems have shown costs for such systems will become fully competitive with existing mechanical systems over the next five years. But this does not take into account the fact that it is possible to gain additional benefits, such as better performance, fuel efficiency and reliability once an electronic system is installed.

While it has been companies in the U.S. and Japan that have led the field in automotive electronics, European manufacturers are also well down the development road. Companies such as Lucas, Smith's Industries and Bosch, who have experience of electronics and automobile electrics design, have been developing systems to suit the European market for several years. In addition, any European car which is destined for export to the U.S. has to meet the stringent fuel efficiency and pollution laws of that country.

The design of engine management systems to provide microprocessor control of the ignition spark timing and advance coupled with fuel control by means of an electronic carburettor or a multipoint fuel injection system. A system of this kind was introduced by Ford in the U.S. last year and this provided control of ignition timing, exhaust gas re-circulation flow rate, and air/fuel ratio. This used a very complicated microprocessor and seven sensors attached to various parts of the engine to measure crankshaft position, exhaust gas oxygen content which determines the air/fuel ratio engine manifold position and engine coolant temperature.

Ford claims that this system

CONTINUED ON FACING PAGE

	Location	Products	Employees*	Sq. footage of plant	Cost Locally Reported	Feb 1980 Conversion
		SPAIN				
GM ESPANA	ZARAGOZA	Assembly plant, metal stamping and sub-assembly facilities	10,900	4.25m	Pta 100bn	$1.5bn
SAGINAW STEERING GEAR	CADIZ	Steering columns, rack and pinion steering gears and front-wheel-drive axles	640	369,800		
DELCO PRODUCTS	CADIZ		690	410,530	Pta 15-20bn	$250m
FISHER BODY	LOGRONO	Seat trim covers, headliners, instrument panels consoles and bumper fascia	350	65,000		
		AUSTRIA				
GM AUSTRIA	VIENNA	Engines	1,500	1,268,000	Sch 7.8bn	$600m
	VIENNA	Transmissions	1,150			
		N. IRELAND				
FISHER BODY	BELFAST	Seat belts, exterior mouldings, and other automotive hardware	450	75,000	£35m	$80m
	DUNDONALD (addition to existing plant)	Seat belts	150	75,000		
		ENGLAND				
GM LTD.	MILTON KEYNES	HQ, warehouse and distribution centre for components	500	526,000	£14m	$30m
		FRANCE				
DELCO-REMY	SARREGUEMINES	*Maintenance-free batteries*	*600*	320,000	*FFr 256m*	$63m

Close watch on General Motors' expansion plans

THE MANAGING director of a major European components group said recently: "What we in the components industry would really like to know is what plans General Motors have for the future. GM is determined to increase its penetration of markets outside North America. But how far will it go to support those efforts by extending its component operations, and in what areas—both geographic and product—will GM expand?"

When Europeans think of GM they tend to perceive it as the owner of Opel in Germany and Vauxhall and Bedford in the UK, if they have any notion at all about what the rather vague name really stands for.

Yet, GM currently operates eight components manufacturing plants in Europe and has three more under development.

The plants are an integral part of GM's worldwide components organisation which is the world's largest supplier of components to the motor industry.

They make a wide range of products, turning out more than 125m units of more than 50 product lines, annually. The GM components organisation competes against non-GM manufacturers to supply original equipment components to GM's vehicle divisions, as well as to all other European car makers. Nearly every European car makers uses some GM components.

AC Delco is the brand name applied to GM's European components' division. In Europe, AC Delco claims to lead the field in the supply to car makers of fuel pumps, air cleaners, energy absorbing steering columns and maintenance-free batteries.

It claims significant market shares for air pumps, pressure caps, electric window regulators, automatic transmissions and spark plugs.

GM's components plants in Europe employ about 15,000 and are located in France at Gennevilliers, on the outskirts of Paris; at Donchery in the north and at Strasbourg in the east. In England, GM has plants at Hendon, Dunstable, Southampton, and Liverpool while the Irish plant is at Tallaght near Dublin.

The group maintains that direct exports from British plants now account for about 39 per cent of production and the value of exports has doubled during the past few years. The plants in France export more components from France than any other component manufacturer, according to GM.

During the five years 1980 to 1984 inclusive, GM worldwide will spend about $40bn on capital projects. About $8bn will be invested outside North America—the largest part of it in Europe.

Piecing together various Government announcements, we can see that GM's current European expansion—which includes the major car assembly plant in Spain as well as component operations—will cost $2.4bn at early-1980 prices.

The Opel subsidiary is spending a further $3bn in Germany and on other projects underway, or just completed, in France; Belgium, England, Holland, Luxembourg and Sweden add more to the total.

Lion's share

Spain is receiving the lion's share of the GM investment as the group has begun construction of a car manufacturing and assembly complex at Zaragoza to produce 270,000 cars a year (from a design "for the 1980s" by Opel). There will also be sub-assembly, metal stamping, chassis component manufacturing and warehouse facilities on the 740-acre site.

There will also be a plant to produce automotive upholstery and interior trim components which will be supported by GM's Fisher Body division.

In Cadiz, two adjoining plants are being put up—one to make automotive suspension components and the other to manufacture steering columns, rack and pinion steering gears and front-wheel-drive axles.

Two new plants are being built in Austria. One will produce engines, the other transmissions, again production will begin in 1982.

Among the projects started by Opel is an expansion of the metal stamping press shop at the Kaiserlautern plant to accommodate nine additional press lines, further facilities for the manufacture of body parts and the construction of a new engine plant.

At the Ruesselsheim plant, Opel is building a new paint shop.

In France, at Donchery, near Sedan, a plant operated by GM Harrison Radiator division, making automotive heaters and heater cores, began operation in 1979.

The Delco-Remy division is constructing at Sarreguemines in Lorraine a plant to make AC Delco "Freedom" maintenance-free batteries and production should start early next year.

In the UK, the group is spending $30m on a new administration building and central warehouse and distribution centre for components at Milton Keynes in Buckinghamshire.

Fisher Body has plans to set up two new plants in Northern Ireland to manufacture seat belts and automotive hardware involving a total investment of $77m. One plant is at Dundonald, east of Belfast, the other is in West Belfast.

GM's UK subsidiary has announced investments of over $11m for facility improvements at its manufacturing plant in Southampton which makes vehicle air and oil filters and another $11m for facilities at Dunstable to produce electric motors for automotive use.

In Luxembourg, the group has a new operation to make production tooling for GM assembly plants in Europe at Bascharage, which used to make Terex products. GM's earth-moving equipment.

Facilities for assembly of heavy-duty automatic transmissions with retarders, designed by Detroit Diesel Allison for European trucks and buses, have been established in an existing GM building at GM Continental-Nederland in Rotterdam. Production begins this year.

There is already considerable excess capacity in the European components industry but GM argues that the majority of its new ventures are plannedd primarily to support its future assembly capacity in Spain.

The group says it has always had close relationships with component suppliers in Europe and around the world and that it intends to maintain friendly relations. About 50 per cent of the money GM spends is used to buy in products or services from outside suppliers.

GM maintains that, because of the proprietary designs of some of the components for its new, so-called "world cars," it will continue to manufacture some in-house.

More jobs

It argues that the new European plants will result in new jobs for supplier industries: an estimated 25,000 "and many thousands more in local communities."

And GM stresses that there is no reason for the European industry to fear an "American invasion." The group points out that it has had manufacturing operations in Europe since the 1920s and the latest developments are simply "part of our continuing efforts to remani competitive."

According to GM, all the current round of investment projects indicates is "our intention to compete in European markets as European producers. The additional capacity will be needed for GM to maintain market share in a growing market."

In this connection, GM continues to insist that there will be substantial growth in the future in European motor vehicle sales although the severe recession might have delayed the rate of progress. GM's previous estimate that European car production will reach 13.73m in 1985, for example, now seems optimistic and the group suggests this level of output might not be achieved until perhaps 1987.

The group expects to continue to serve the European market mainly from its European oprations, but adds "we may see more overseas exchange of major components—in both directions—where this can help up to be more competitive and offer better value to our customers."

Kenneth Gooding

Electronics

CONTINUED FROM PREVIOUS PAGE

was the first fully interactive electronic engine control system on a production car, the Loncoln Versailles. The company says that the system already works better and is more economic than existing mechanical systems.

Further developments in the engine control system are likely to be in improving automatic transmission which may eventually be integrated into the complete engine management system. Electronic systems for the transmission are probably still several years away.

Apart from making the engine more efficient and cutting down on the amounHt of pollutant gases issuing from the exhaust, a major area of development is in increasing the safety and comfort of a vehicles passengers. Anti-skid braking is an example of a system which has been available for some years but which has only been applied to a very small number of vehicles.

If properly designed, these type of brakes are far better on slippery roads. They operate by ensuring that brakes are applied gradually, rather than too suddenly which can cause a skid. In addition sensors release the brakes if they detect that the car is starting to slip.

At the moment, anti-skid systems are still quite costly so that their widespread use is still some years away.

Electronics to improve the comfort within the car comes in the form of better control of heating and air conditioning, seat belt monitoring, and automatic speed control.

Improvement

Another major area of improvement is likely to be in better instrument displays. Already, companies such as Talbot have introduced the concept of the so-called "on board computer"—ofter called the trip computer — which can provide information such as estimated time of arrival average fuel consumption, average speed for journey as well as the conventional measurement such as oil pressure, and speed.

The design of the trip computer is one of the less exacting problems for engineers. It has already been added to many top of the range cars, such as the Talbot Horizon. Designers are also looking at ways of replacing the mechanical instruments with one-piece electronic versions, such as the dc electroluminscent display, developed by Smiths Industries.

Eventually, it is hoped that such displays will be more reliable and cost less than their mechanical counterparts because they have no moving components and few parts.

Another area of unreliability is the electrical wiring system and there is much interest in reducing the amount of cable which has to be installed to connect lights, heating and ignition systems. Connections are subject to mechanical damage and corrosion. Each car model also has several variants, such as the Ford Escort, which has no less than 30 different types.

An alternative which is now being considered by car makers is the multiplex ring main where a single ring circuit distributes electricity to each part of the system in the same way that a ring main in a house delivers power to lights and electrical equipment. At each take-off point—rear light, stop lights, indicators — there is a silicon chip which detects when a coded control signal has been sent to activate the particular light.

A number of systems have already been developed by companies, such as Bosch and Lucas, especially for large vehicles, such as trucks and buses.

Other areas of design include the development of radar which will warn when one vehicle is too near another. One of the most important features of this type of radar is that it will have to discriminate between hazard situations and ordinary occurances, such as nearby trees, pedestrians and stationary vehicles.

With falling demand, vehicle manufacturers may well have to turn increasingly to electronics in order to provide the customer with the type of car that he desires. Furthermore, manufacturers are using more automated methods of production to keep down costs; the increasing use of electronics in the body of the vehicle will further improve automated processes.

Elaine Williams

New developments in the main component producing countries of Europe are featured here and on the following page.

Decline has accelerated in the past six months

THE UK components industry differs from most other countries' in having developed quite separately from the indigenous vehicle manufacturing industry.

Leaders in the field, such as Lucas Industries, GKN, Smiths Industries, Automotive Products, and Jonas Woodhead, are large and have well developed proprietary technology. Almost certainly, the path on which they have embarked of setting up in overseas markets, and lessening dependence on Britain's own ailing motor industry, will allow them to remain a competitive international force during a decade expected to witness unprecedented change in motor industries worldwide.

Even so, in Britain at least, it has been a poor year, even for the majors. And for the large numbers of smaller components makers, who have traditionally been wholly or strongly dependent on the UK motor industry, it has been a thoroughly rotten one. The last six months, in particular, have seen closures and widespread lay-offs as the decline in Britain's motor manufacturing accelerated.

And the British Automotive Parts Promotion Council (BAPCO), representing the major components suppliers, warned MPs recently that 32,000 more jobs—out of current total employment of 440,000—would be lost by the end of this year, with a further 50,000 threatened by 1983 to 1984, if present trends continue.

Even this gloomy forecast was made before the swift decline in UK vehicle registrations, which set in during May.

The problem is illustrated by a simple set of statistics: in 1972, UK car production totalled 1.921m; in 1979, production was 1.07m; this year, output is expected to drop to 950,000. In 1970, British-made cars accounted for 84 per cent of the market; last year, they accounted for 43 per cent—and that proportion will have dropped further by the end of this year.

It is as well that commercial vehicle production has held up throughout the 1970s at about 375,000 units.

Put in an international perspective, while Britain's output has declined, every other major manufacturing country's, except Italy's, has expanded considerably. From being Europe's largest pre-War manufacturer, the UK now accounts for only 3 per cent of world output and has been overtaken by countries such as Spain and Brazil.

According to BAPCO, every imported car represents a loss of 12,000 components to the domestic industry, in original equipment and replacement parts. With the imported car population now accounting for nearly one-third of the UK total of about 15m, and predicted by BAPCO to rise to more than one half of 1985, the extent to which the components makers' UK base is shrinking becomes all too clear.

GREAT BRITAIN

It is among the suppliers of original equipment parts to UK motor makers that BAPCO predicts the job losses of 50,000 by 1983-84, cutting employment in this sector to about ¼m.

But an important knock-on effect is the loss of replacement parts business. BAPCO predicts that by 1988 the 150,000 labour force in this sector could be virtually halved. And the replacement parts sector is a particularly important one, in that it traditionally has been a high-profit one, where suppliers have been able to compensate for the wafer-thin margin on original equipment supplies. The writing on the wall has become extremely clear during recent years, however, and the major companies have moved with mainly commendable speed to offset declining home sales with higher exports and manufacturing bases overseas.

The result is that only about 25 per cent of the major companies' turnover comes now from original equipment supplies to the UK motor makers. Apart from selling and making components abroad, they have also diversified into sectors outside of the motor industry, such as aerospace.

The sheer size and technical resources of companies such as Lucas and GKN should leave them well placed to cope with the continuing rationalisation of the motor components industry being brought about by the move to fewer car models, produced for all major markets: the world car. The economies of scale entailed apply also to the component makers. And, by implication, the huge production volumes required inevitably make the position of Britain's smaller suppliers precarious.

Lucas is already at the forefront of the electronics field, and its supplies of diesel injection equipment is expected to assume major importance, as the market for fuel-efficient diesel cars doubles to 10 per cent in Europe and quadruples to 8 per cent in the U.S. over the next five years.

GKN, with its acquisition last year of Parts Industries Corporation of the U.S., is similarly well-placed with its transmission and drive-line components, and the same applies to the other majors.

But in the shorter term, suppliers large and small are now deeply concerned at the threat to the competitiveness of UK-based components arising from the strength of sterling.

While much of the industry understands the logic of the British Government's hard line on industrial policy, the current combination of cheap imports, the increasingly harsh climate for exports and the collapse of sales within the UK is such that many of the small industrial patients fear being killed by the "cure."

Allied to this is the fear that, if the domestic market shrinks much further, the larger companies will have little option but to wind down their investment in UK facilities, transferring most of what was once a highly profitable part of the UK economy overseas.

The fear is well-founded. Only BL and Ford are now volume manufacturers. Increasingly, Talbot and Vauxhall have been becoming assembly plants for kits produced on the Continent. Ford provides steady business. But, not surprisingly, it is what happens next at BL which is of major concern. With the all-important Metro to be launched in October, component makers fervently hope that it will prove a watershed for the revival of BL and consequently a major slice of components business.

The Metro will be followed next year by the Bounty, the joint project with Honda. Though the engine and gearbox will be supplied by Honda, a substantial number of other components for the Bounty are being sourced in the UK. At a potential volume of 100,000 a year, clearly the Bounty also offers substantial scope for improved business. The model is also to be produced in Japan and, apart from possible dual sourcing for both BL and Honda on the project, there is at least some prospect that the relationship established could lead on projects.

Depending on the success of the Metro, the components suppliers will be arguing that Government support in this area, and for other BL long-term projects, would also be the cheapest and most effective route to securing the long-term future of Britain's components industry.

John Griffiths

More investment planned

IN SPAIN'S depressed economy the motor industry is one of the few sectors that is clearly attracting new investment and looks scheduled for expansion. Even though car, truck and tractor sales are being hit with varying degrees of severity by the recession, the industry as a whole is not trimming its vision of future expansion.

Spain has been chosen—for a complicated set of reasons—as one of the European countries where the industry is due for expansion. Cyclical downturns in the market are not affecting long-term development plans. Because the industry is still surrounded by substantial protective measures that ensure a high local manufacture content, the components industry is bound to benefit from this expansion.

The principal expansion will come from car production—but trucks and tractors will also grow in importance. The greatest impact has come from the General Motors (GM) decision to invest almost $2bn in Spain to launch a new compact saloon for the eighties. GM has begun site work at Saragossa in northern Spain on a facility which by 1983 should be producing 270,000 units, two thirds geared to export. This plant will increase Spain's saloon car production capacity by nearly 25 per cent to 1.4m units a year.

Under the terms of the agreement between GM and the Spanish Government, the company will seek to build locally up to 65 per cent of the car's value. To this end GM has agreed to set up two separate components plants in addition to the Saragossa facility. These will be situated at Cadiz in the south and Logrono in the north.

Work has already started at the Cadiz plant, which will produce shock absorbers, steering attachments and the front wheel transmission units. This plant was located in Cadiz very much as a sop to Government pressure to invest in depressed areas, and is benefiting from special grants. The Logrono plant, only recently located, is closer to Saragossa and will supply upholstery, seat trims, instrument panels and similar accessories.

GM, however, impressed on the Government that its investment was part of a global European strategy and therefore had to be combined with facilities in other countries. Thus the engines will not be made in Spain but will come from a $450m plant being built in Austria, the latter having offered the most attractive

SPAIN

terms even though GM had no previous plant there. The GM strategy reflects the general multinational view that where possible 100 per cent production of a vehicle's parts should not be concentrated in one country but spread around.

Compared to the early seventies, the Government has liberalisd its position on this point but it is still anxious—as a pre-condition for investment aid and plant operation—that a minimum 65 per cent of components are locally manufactured. Ford, which produces the Fiesta at the Almusafes plant near Valencia, encountered a similar problem.

Another important expansion in the industry will come from Motor Iberica. This January, Japan's Nissan bought out Massey Ferguson's 36 per cent stake in this company, primarily geared to producing agricultural equipment. Nissan intends to use this base first to launch licensed production of a Jeep-type vehicle and a vanette, but subsequently will produce passenger cars. Plans are being worked out to build 15,000 Nissan "patrols" and up to 25,000 vanettes. It is almost certain that a new plant will have to be built.

Where possible Motor Iberica intends to use existing components suppliers but is also expected to establish with Nissan aid some new part capacity of its own. It is also thought likely that Nissan will utilise its link with Italy's Alfa Romeo to co-ordinate some component manufacture. In this respect it is worth noting that several years ago Motor Iberica employed Alfa technology until it bought out a van plant run by the latter at Avila.

The Japanese are in the process of a careful appraisal of Spain, both as an individual market and a launching pad for Europe. Industry sources in Spain are convinced that Toyota also intends to establish a presence in Spain. Here the big question mark hangs over the future of Seat, the country's largest saloon car producer.

In May Fiat reneged on an agreement made in the previous July for the full takeover of Seat. As a result Seat is having to rethink its future strategy, since all hope for its survival was pinned on full integration with the Turin-based group on which it has relied for technology since its birth. Currently the State holding company Ini holds 56 per cent of the equity and Fiat 28 per cent, the remainder being in private hands (mainly banks).

A separate technology agreement exists between the two companies that lasts until 1985 and Seat is close to competing a $600m investment programme that involves cutting production

CONTINUED ON FACING PAGE

PRODUCTION IN WEST GERMANY
(Values in DM bn)

	1978	1979	(Percentage change, 1979 over 1978)
Total production (by value)	29.3	33.7	+ 15.6
Including:			
Engine parts	5.4	6.4	+ 19.1
Gears, gear units	4.8	5.7	+ 18.7
Electrical parts	4.2	4.6	+ 8.8
Imports (by value)	4.9	5.7	+ 14.7
Exports (by value)	14.7	17.1	+ 16.6
Turnover	21.7	25.3	+ 17.0
Number of employees	218,066	227,000	+ 4.0

Manufacturers are far from gloomy

WEST GERMAN manufacturers of components for motor vehicles are facing increased competitive pressure from foreign suppliers. They are having to adapt their production range more quickly than ever to keep pace with new developments in vehicle engineering and electronics.

This, in turn, means even greater financial headaches for what are mainly medium-sized companies, with relatively small research and development budgets. But despite all this—and the current downturn in the domestic vehicle industry, as a whole—the components makers seem far from despondent about the future.

A glance at developments over the last decade indicates why. Between 1969 and 1979 the number of vehicles produced annually in West Germany rose by about 18 per cent to 4.2m, and production of German makes abroad more than doubled to 1.3m. In nominal terms, sales rose by about 150 per cent (50 per cent in real terms) and the number of employees went up by one fifth.

Last year there were 24m vehicles on German roads (passenger cars, estate cars and commercial vehicles, together) — an annual average increase over the decade of 1m.

The German components sector—grouping roughly 250 main manufacturers and many other smaller ones—has clearly shared in this growth. Its 1979 production was worth DM 33.7bn (compared with DM 13.2bn in 1969), its sales were worth DM 25.3bn and it employed about 227,000 people from a total of 665,000 in the entire German motor vehicle industry. The detailed figures shown in the accompanying table present a picture of highly satisfactory growth in production, sales and exports—which is far from suggesting the sector is without worries.

First of all, vehicle production in Germany in the first half of this year has fallen by 7.6 per cent to 2.2m units (and passenger car production alone by nearly 10 per cent). True, the number of working days over this half year is slightly less than in 1979 and there is much in the suggestion that the industry is returning to a more normal situation after a series of boom years.

That said, several manufacturers, particularly of medium-sized cars, have run into serious sales problems. Cuts in labour force have already been announced by some companies. But faced with a powerful trade union organisation and West Germany's comprehensive social legislation, management cannot easily lay off labour in the numbers it would like at the time it considers desirable.

It is true, of course, that both the trade unions and the social legislation have been key factors in West Germany's relatively harmonious industrial relations—and that this, in turn, reflects itself in high quality work and dependable delivery.

None the less, managers of vehicle manufacturing concerns unable to lay off as many staff as they would wish during a downturn, are under pressure to produce components, where possible, in their own plants, instead of ordering from outside.

The makers of parts and accessories can thus be hit by a double pressure—one from a general downturn in demand and another from a shift towards more components manufacture by the vehicle producers.

The negative impact of all this should not be stressed too much, for one thing, many components manufacturers have been able to diversify to spread their risk into household, leisure and other sectors whose business cycles do not match that of the vehicle industry too closely. But beyond that it is already hard (and it is becoming harder) for a vehicle-maker even to try to afford to match the components manufacturers in many key sectors—whatever surplus labour he may temporarily have on hand.

For example, Zahnradfabrik Friedrichshafen (ZF) is investing no less than DM 1bn in gear boxes and steering gears over three years—a sum which few if any vehicle manufacturer could match for that purpose alone.

True, ZF is one of the components giants (with turnover of DM 2.3bn last year). But if the trend to the so-called "world car"—with only a few common components produced on a huge scale—continues to gain pace—then the division between vehicle assemblers and component manufacturers will become sharper still.

Quite apart from what may prove to be only a fairly short-lived downturn in the West German vehicle industry, rather

WEST GERMANY

than a deep recession, the component manufacturers face a growing, longer-term challenge from the foreign producers.

At first site, the import and export figures do not look too disturbing. True, imports of parts and accessories to Germany last year were worth DM 5.7bn—an increase of 14.7 per cent on 1978. But then, Germany exports, on the face of it, rose still faster—by 16.6 per cent to DM 17.1bn.

On the other hand, much of the export increase involves components exported by German motor vehicle manufacturers to their plants abroad for assembly there.

Further, while German exports of electrical components are strong, foreign imports are growing still faster—by 18.5 per cent last year and by nearly 22 per cent in the first half of this year against the same period of 1979.

The West Germans have been to the fore with major developments in the vehicle electronics sector—for example, control of ignition and fuel injection and the application of micro-processors.

But it is recognised that as both the United States and the Japanese develop more sophisticated vehicles, the pressure on the Germans will grow. That goes for electronics in particular—not simply to save fuel but to help protect the environment, through a cut in exhaust emission, and to improve safety—for example, to gauge brake pressure.

The challenge has brought some calls for action to limit imports—but the Bonn Government has firmly ruled out protectionist measures, and is prepared, at least for the present, to rely on the "self-discipline" of the Japanese.

German vehicle industry investment rose by 40 per cent to DM 5.7bn in 1978, by 25 per cent to DM 7bn in 1979 and further strong increases are forecast—despite the current downturn.

In other words, the industry has, for the most part, been equipping itself powerfully for the 1980s. And the components sector, with its high quality products and reputation for reliable supply, should not lack customers.

Jonathan Carr

Producers are braced for a slump

AS THE French motor industry heads into depression, the vehicle component manufacturers are expecting a similar decline in business to the one that hit them in 1974-75. The slump, according to some estimates, will not be as deep, and probably not as long-lasting, as last time round. But the producers once again face the challenge of a real decline in business.

This is an unfamiliar problem for the French manufacturers. After discounting inflation, the industry has averaged a real rate of growth of about 9 per cent a year since 1969. Dragged along in the wake of France's burgeoning vehicle manufacturers, it has shown enormous vitality at home and abroad. Last year, although the final figures have not yet been published, it put up yet another good performance, and even this year the first fef months have seen relatively sustained demand despite the gloomy international environment.

The final outcome of the present slump depends on two main factors. On the one hand, the industry faces a curious situation in the French market, in which Renault is currently continuing to do well—indeed, more than maintaining its normay rate of production—while the Peugeot group, bringing together the Peugeot, Citroen and Talbot marques, has gone into sharp decline. This striking contrast in performance between the two groups has had the net effect of reducing French vehicle production overall by less than 4 per cent this year.

The estimate of future activity depends in part on guessing to what extent Renault can continue to buck the trend, and at what point Peugeot can stop the slide in is production rate.

On the other hand, there are also broader economic influences at play. It is now widely accepted that French industry will go into a severe decline in the second half of this year, its output dropping by up to 5 per cent. The collapse on the consumer side has already taken place, dramatically in the motor industry, with sudden falls of up to 20 per cent in sales compared with similar summer months last year. But the Government is expected to announce various projects to stimulate activity in the autumn and is clearly now under pressure to reduce the tight credit constraints on car buyers.

A third factor is the impact of overseas markets, where the component manufacturers are doing an increasing amount of business. Taking the global French industry, which includes parts manufactured by the vehicle producers, exports have been going up at an average rate of well over 20 per cent a year during the 1970s. This sector of the French industry could clearly be hard-hit over the next few months because of the general downturn in world vehicle sales.

Whatever the final pattern of trade that emerges, the French industry is clearly in a much better position to weather the storm at present than at any stage since the last war.

FRANCE

The most important pole of production created in this period is Valeo, the former Ferodo group, which has recently changed its name to emphasise its development as an independent, international company. Valeo has brought together a complex of activities by a series of mergers over the past decade which have made it into one of the most important companies of its kind in Western Europe. It is now moving out from this base to attack world markets, particularly in North America where it is clearly hoping to link itself to the ambitious expansion programmes of Renault and Peugeot.

Valeo's structure demonstrates the French penchant for company reorganisations which own more to the relative strengths of the companies concerned than to industrial logic. The group has two main arms, a number of traditional component manufacturing activities to which Valeo owes its existence, and a complex of electrical component producers grouped under SEV, a separately quoted company in which Valeo holds the controlling interest.

This unusual combination came into being as much by Government intervention as Valeo's own desires: during the past few years, the authorities have managed to persuade the company to take over a series of smaller component manufacturers which were threatening either to go out of business or fall into the hands of foreign groups.

The company's basic line of business is friction materials, products first licensed from Ferodo of the UK, the company to which the French group originally owed its name. But the most successful of its non-electrical activities is radiator production, where, under the Sofica trade-name, it has developed a technique of putting together non-welded aluminium radiators which have won world-wide orders. Output of radiators has been going up at a rate of 20 per cent a year, and the company has been using them partly to spearhead its North American expansion.

SEV brings together the full gamut of electrical and electronic component manufacturing, from starter motors and windscreen wipers to distributors and lighting systems. The star of this group is undoubtedly Cibie, Europe's largest producer of vehicle light units and a company which already has extensive overseas manufacturing. Because of its technical expertise, Cibie has also won orders in Japan for equipping export vehicles to European standards.

It is also through SEV that Ferodo is working out its relationship with Lucas, the British electrical component manufacturer, in the jointly-owned Ducellier company. After the long struggle for control of Ducellier, settled by the French authorities on a 50-50 basis, the two larger groups are now having to come to an agreement on what sort of products to manufacture in their joint subsidiary, and to what level their technical collaboration can be taken.

SEV says that talks are going amicably and well at the moment, but no definitive arrangement has yet been made.

A second main centre of activity in the industry has been created in the last two years by Matra, the missiles and high-technology company, which believes it will be able to apply its growing expertise in electronics to vehicle components. Matra, an ambitious and rapidly-expanding group, has invested with typical panache in two companies: Jaeger, the vehicle instrument producer, and Solex, claimed to be Europe's largest manufacturer of carburettors.

The logic of these acquisitions lies in the fact that electronics are playing a continuously increasing role in both these areas of vehicle component manufacturing. Electronic dashboard displays (Jaeger's area of responsibility) are already in use in some cars, and electronic methods of controlling carburation (Solex) are expected to develop both as a means of saving energy through a more precise regulation of fuel flows, and to help control pollution.

During the last year, other French companies have also been moving to take account of the technological revolution which is being prompted by the development of micro-circuitry. Valeo has itself decided to establish a special department on all applications of micro-pro- within SEV to centralise research and development cessing technology to the industry. It says that it is working in very specific areas where it believes there will be openings for independent suppliers.

The French industry's success in tackling electronic developments clearly will be one of the key factors in its growth over the next decade. For the time being, it seems to be somewhat behind developments in the U.S. and Germany, but the recent measures may go a long way to catching up.

In the meantime, the industry is continuing to serve the French economy as one of the important locomotive sectors, pushing up exports by about 15 per cent last year. It also continues to raise its employment levels (almost 100,000 at present), and produces a significant balance of payments surplus for the country.

Terry Dodsworth

Investment

CONTINUED FROM PREVIOUS PAGE

to three base models. The Ritmo (Strada) has been on the market for almost a year and the Panda is due for launching in September. Ini wants to see the production runs of these two models last as long as the market sustains volume production —especially as the Panda is produced from one of Europe's most advanced plants at Pamplona.

On the other hand, Ini realises that Fiat is in an inward-looking mood and is less than pleased with the way the latter has behaved. Thus it has begun to seek alternative long-term partners. Most of the discussions have been with Nissan and Toyota but both Germany's Volkswagen and more recently France's Renault have shown an interest.

In the short term there is unlikely to be any dramatic change. But if a new partner is found then it will have an important effect on Seat's traditional suppliers and the way in which existing Seat facilities are utilised. It is estimated that Seat provides work for up to 250,000 either directly or indirectly, mirroring the fact that almost 90 per cent of Seat components are manufactured locally. Industry sources say that a new partner may not be willing or able to sustain such a high degree of local component production.

The other area where expansion is due is in the truck and tractor sector. International Harvester (IH) is in the final stages of agreeing to a $600m investment. This involves the purchase of a 35 per cent stake in the leading medium and heavy truck producer, Enasa. The deal proposed is complex, and involves a number of trade-offs.

It appears anxious, however, to plough over $200m into a new engine plant with a 100,000-unit capacity. Of this over 80 per cent will be geared to export. IH reportedly wants the facility operational by 1983; otherwise it would face difficulties in satisfying projected customer demand. In addition to this IH is expected to buy out a tractor-building licence owned by Barreiros and now controlled by Talbot. This is with a view to eventual manufacture of IH tractors in Spain.

Finally, it is worth mentioning one phenomenon which is likely to result from the GM decision to set up at Saragossa. This site is ideally placed. It is relatively close to the main north European markets and it is almost equi-distant between the Basque country, Madrid and Catalonia, where the bulk of the components manufacturers are located. This axis is almost certain to become increasingly attractive, notwithstanding Government efforts to locate industry in depressed areas of southern and western Spain.

Robert Graham

All eyes are on Fiat

IN THE increasingly black landscape of the Italian motor industry, the components sector offers a welcome spot of relief, and nowhere more so than at Fiat, the country's largest private industrial group, which lost almost L100bn (£50m) on its car operations in 1979, and which is facing grave problems in the second half of 1980. Components, however, turned in total earnings of L24.4bn to constitute one of the most profitable of the specific operating divisions into which the Turin-based group is now divided.

The Italian vehicle components industry, in fact, revolves around Fiat, and to a much lesser extent the second Italian car group Alfa Romeo, with its Spica and Apomi subsidiaries. Under the umbrella of Fiat Spa holding company is a sector which boasts 50 plants in Italy, and employing 46,000 people. The total turnover of the division is expected to reach L2,070bn in 1980.

If that is only around one-third of the total turnover of the entire sector in the country (estimated as the third largest in Europe after West Germany and France), then the explanation lies in the enormous, and in large measure incalculable, network of tiny concerns operating in one niche or another of the sprawling components industry. Indeed many of these concerns, part of the fabric of small industry which so effectively supports the national economy, exist at a workshop level.

Often they have a virtually parasitical existence alongside either Fiat or Alfa Romeo. Frequently they provide the notorious second—or even third—jobs which contribute to that equally notorious gap between statistical poverty and visible prosperity that is the most striking paradox to greet any visitor to Italy today.

That this practice is tolerated by the major groups like Fiat is well known. Not only is it a valuable outlet for frustrations that could boil over elsewhere, but the structure of these tiny manufacturing units offers considerable advantages: greater flexibility (something mostly denied by the ossified state of industrial relations at an official level in Italy), and lower costs.

However, the orthodox components interests of Fiat are imposing enough on their own. The largest company, Magneti Marelli (75 per cent owned by Fiat), is expected to report sales of L441bn this year of its batteries, sparking plugs and starting systems output. The second largest, Comind, with expected turnover of L360bn, produces parts for the passenger section of the vehicle, and plastic external parts among many other things. Then there is Gilardini whose 1980 output of L321bn will include exhaust silencers, pumps, filters and shock absorbers. Another major components concern, Borletti, well known in the instrumentation field, is owned on a 50-50 basis by Fiat and the Borletti family. Its turnover is around L240bn annually.

Another totally owned subsidiary, Weber, which makes carburettors and diesel injection systems, with sales of L200bn, in January concluded a joint venture with the American ACF concern called Carter Weber to produce more than 1m single- and double-barrel carburettors a year. This, moreover, is in addition to an existing deal with Ford of the U.S., whereby the American car manufacturer will make under licence at least 3m carburettors to mount on a new model.

ITALY

In all around 25 per cent of the total turnover of L2,070bn is either exported or accounted for by production units outside Italy. Three quarters of the production is of automotive components and only 25 per cent in the non-automotive field. In a significant shift less than half, or 45 per cent, of output only goes to the Fiat group itself, and 55 per cent to third parties.

However, Fiat is as concerned as any of Europe's major car manufacturers to rationalise components manufacture still further. It is indeed one of the strands in the current thinking of the Agnellis and top Fiat management, in their search to rationalise output and create economies of scale to help the motor industry over what promises to be a difficult immediate future. Indeed, this is already starting to happen in the so-called "core components" area, where the Turin group is prospecting with Peugeot of France the possibility of a joint facility to make 1m engines a year. The question is to what extent this can be carried over into the orthodox components field, whose diversity reflects the diversity of models on the market.

That some further rationalisation is desirable can hardly be denied, given the underlying arguments about the future of the car industry outlined above. However, one element conspicuouosly lacking in Italy is a co-ordinated Government strategy to promote more efficient production. That might conceivably be forthcoming as part of the promised Ministerial plan to aid development of the car industry — a part of which is the controversial joint venture deal between Alfa Romeo and Nissan. But some industry experts feel this accord might have damaging implications in terms of Japanese penetration at the level of components. The past history of state aid for industry, meanwhile, is not encouraging.

For the immediate future the prospects of the industry are linked to that of the car market. The first six months of 1980, for both motor and component makers, have been buoyant in Italy, if not elsewhere. The total of domestic car market registrations rose by 12 per cent in the first half, but the signs now are that the boom is about to peter out, and give way to a major slump.

Already the high level of business was being rather spoilt by the deteriorating cost price relationship experience by the component makers, as a result of low Italian productivity, and a virtually fixed exchange rate for the lira. A leading industry specialist recently estimated that competitivity had declined by 7 per cent already this year—even though productivity, helped by the absence of the engineering sector strikes which plagued 1979, has imporved.

But even that state of affairs may not last very long. The threat of layoffs by Fiat may well cause considerable industrial unrest this autumn. True, the component makers, particularly smaller ones, may be partially insulated by the inevitable increase in demand for spare parts for existing cars, which in a poor market are not replaced by new ones. But in the end any contraction in the car industry passes on its effect to them: indeed, as the old saying has it, when Fiat sneezes everyone catches a cold.

Rupert Cornwell

LOMBARD

Brush up your Marx

BY W. L. LUETKENS

A SPECTRA is haunting business: *the spectre of tripartism* and of workers' participation. The belief that a three-sided relationship between government, business and organised labour can help the U.S. over its economic troubles underlies President Carter's proposal for an Economic Revitalisation Board: its co-chairmen will be Mr. *Lane* Kirkland, head of the AFL-CIO trade union federation, and Mr. Irving Shapiro, head of Dupont.

That reflects the belief found not only in Washington that West German forms of union-management co-operation are a main reason for West German economic success. Similar considerations of few years ago led to the Bullock report in Britain, advocating union representation on company boards going far beyond anything that is usual in West Germany.

Co-operation

Bullock came to nothing. So did a two-year experiment with worker directors in the British Post Office. It remains to be seen what will come of a directive of the European Commission which, in its initial form, would have made the German system of worker directors a model for the Nine.

Beyond doubt trade union co-operation has much to do with *German industrial success.* But it is fair to ask whether that co-operation was the result of circumstance, or of institutions. Workers' participation at shop-floor level in the shape of works councils with the right to be consulted on changes to working conditions have existed in Germany and neighbouring Austria since the end of the first *world war. Yet their inter-*war history was anything but *calm*: in Austria social tensions even led to civil war in 1934.

German worker directors have their origin in the immediate post World War II period. Threatened with a deconcentration of their concerns and a *dismantiling of their plants,* the Ruhr barons—as they were disparagingly called—struck an alliance with the unions to improve their chances of industrial survival. In other words a community of interests was seen to *have emerged between them* and workers fearing for their jobs. Even so, it took the threat of a general strike before the first Adenauer Government agreed to legislation making the appointment of worker directors mandatory in the coal and steel industries.

Since then the system has been extended and has become a part of the social compact in West Germany. The current row surrounding the worker directors of one of the Ruhr concerns has shown that even the main anti-socialist opposition stands behind the idea: the differences are over details, *however important.*

Given that it took a war for the compact to be concluded it is hard to believe that copying a *few* institutions will permit the German model to be transplanted to other societies. U.S. unions, for instance, have always worked to the principle that management should be allowed to get on with its job—and that labour should then wrest the best possible collective *bargain from the bosses.*

Mr. Carter might profitably take a look across the Canadian border. There, in the mid 1970s, the Trudeau Government was *toying with the idea* of setting up a tripartite body to advise on guidelines for the economy, *including* wages *and* prices. The top of the trade union federation was attracted; but the individual unions with which the real power lies would have none of the idea.

More power

What makes the case interesting is that the West Germans for a few years in the 1960s and 1970s had a body such as the Canadian Government had in mind. The unions eventually walked out because they wanted more power for worker directors than the Government was prepared to concede. Yet nobody suggested that the social compact had broken down.

The only conclusion is that institutions are not enough. For them to work they must be part of what Marx called the superstructure of the underlying social reality.

How to adjust your TV set

FILM AND VIDEO

BY JOHN CHITTOCK

THERE IS one face seen on British television for more hours every day than the most distinguished of all our newsreaders. Its possessor is the eight-year-old daughter of an ex-BBC employee—or at least, she was eight years old when a colour photograph of her was incorporated in the BBC television test card in 1966. *With* her blackboard, chalk and rag doll, Miss Carol Hersee provides for television knob twiddlers the ultimate test in picture quality—flesh-tones and other familiar colours that the human eye should instantly recognise as reasonably true or false.

Unfortunately, many humans are all too willing to turn a *blind* eye so that far too many domestic television sets yield less than their optimum in picture quality. This may be due to a number of reasons, but generally poor signal reception or bad adjustment of the receiver controls is the cause. For quite different reasons, most *16mm film and 35mm slide* projectors also provide less than their optimum in quality.

In the case of television receivers, there are a few principal factors governing quality which may be readily within the control of the viewers. These are the choice of aerial installation, the setting of brightness and contrast controls and the adjustment of colour controls.

Rather like the language of computer experts who say "garbage in, garbage out," a *television set cannot provide* good pictures from bad signal reception. Although some areas are notorious for poor television reception, the choice of a suitable aerial, correctly installed, is of paramount importance. It is unreasonable to expect (as *many* do) good picture reception from an indoor *aerial placed on* top of the set; even in areas of quite good reception, an attic or roof aerial is essential for optimum quality. The aerial must also face in the correct direction, and a few installers tend to be rather sloppy about this—easily confirmed by noting whether aerials in the neighbourhood all point *in exactly the same direction.*

Even with a correctly installed aerial, the addition of a booster-amplifier may be desirable to improve reception in some areas. The symptoms of poor signal reception can include washed out pictures with "snowstorms" in the dark areas, double images, poor *resolution of fine details,* and even loss of colour. A professional aerial installer will ensure that the connection between set and aerial is arranged to minimise losses of the very weak incoming signal—which means for example that the shorter the length of cable needed, the better, and that the use of connectors in a cable run *should be avoided.*

Television set manufacturers and rental companies generally seem to believe that owners can do more harm than good by trying to adjust their own picture quality, and increasingly the desirable controls on the front of the set are being put inside where only the engineer can reach them. But for those who have both contrast and brightness controls accessible (without removing the back), that test card can be a first important step in improving picture quality.

First, the colour control on the set should be turned down to reduce the test card to a monochrome picture. If the edges of lines on the card still display colour, in the form of very heavy fringing, this is a job for the engineer (to adjust the "convergence"). On the left-hand side of the BBC test card is a grey scale with six stepped tones from white to black. If the brightness and contrast controls of the set are badly adjusted, these six steps may tend either to merge into fewer steps or display such flatness that the difference between the white and the black is marginal.

The contrast control should be used either to increase or decrease these differentials, as necessary. The brightness control adjusts the overall level of picture illumination without substantially affecting contrast: brightness should be enough for satisfactory viewing, but if turned up too high it may destroy picture quality and sharpness.

Once monochrome contrast and brightness have been set correctly (it is easier to judge this in black-and-white), the colour can be restored. This is where Miss Hersee's flesh tones are important—too much colour (a common error) will turn her into a case of scarlet fever and the blackboard will go blue. If the colour fidelity still seems wrong, an engineer is needed to adjust the balance inside the set (although some receivers do have a "hue" adjustment on the *front with* which limited correction is possible).

On the right-hand side of the test card, another six steps are included of black-and-white bars of descending thickness and separation. These provide some guide to the bandwidth or frequency range of the signal reception—*hence resolution of* detail. Good reception should enable the viewer to resolve the bars at least down to the fourth square, although playback of the test card recorded *on a domestic* video machine will rarely resolve beyond the second square (an indication that video recorders cannot handle the same bandwidth as off-air reception via a good aerial).

The remaining parts of the test card offer some guide to the geometry of the picture, revealing if it is squashed, squeezed or otherwise distorted, or cutting off at top or bottom. If the ruled squares are not of equal size and shape, this is a job for the engineer to handle.

With film or slide projection, there is less opportunity for *controlling* the quality of the *picture on the screen,* although still surprising scope for ruining it. As with television, good quality must start with the premise that the original material is of an acceptable standard. Thereafter, a number of things can still go wrong.

The most common, irritating and unforgivable fault is the use of *film and slide projectors in* venues without adequate blackout. Unless a special daylight screen is used, stray light falling on to a projected picture will yield an effect similar to turning down the contrast and brightness controls on a TV set.

Dirty optics in the projector are another frequent cause of quality losses—especially on the *back element of the lens in film* projectors, where dirt and emulsion fragments build up from thousands of feet of passing film. Dirty lenses mean not only that less light will reach the screen, but that in the process it will be scattered through internal reflections in the optical system—causing loss of contrast and sparkle.

Incorrect focusing is another extremely common problem with film and slide projection. It is partly due to carelessness and *many* has been the time when I have had to restrain myself from making a scene with a lazy projectionist. But the intense heat generated by projection lamps also causes dimensional changes in the film and in the gate mechanism, so that the focusing of a film or slide projector should be constantly monitored *throughout a show.*

There remains one contentious issue for all the experts and engineers: television sound quality. The adrenalin flows whenever television sound is mentioned because nearly all TV receivers still have pokey little loudspeakers which are incapable of reproducing trans*mitter quality.*

With stereophonic sound now creeping into use on television, and superb hi-fi quality reproduction possible from video discs, TV sound is something the set manufacturers will have to turn their attention to very soon. Perhaps the day will come when sets have bass and treble controls, like hi-fi amplifiers. *That is, if the manufacturers* dare to trust the customers enough to leave them on the front of the receiver.

Character Builder looks strong

RACING

BY DOMINIC WIGAN

SIR MARK Prescott, who has *seen 23 of his* Hamilton *raiders* return successful to Newmarket since the start of the 1975 campaign, can boost his remarkable strike rate on the Scottish track again today.

In the Townhead Handicap his tough Northfields filly, Champ d'Avril, will be difficult to beat despite having to give weight to several older runners. An hour later her stable mate Character Builder, has an even better prospect of landing the Clyde Handicap.

Champ d'Avril, a compact daughter of Music Boy's half-sister, April Twelfth, has never quite fulfilled the promise she showed when streaking away with a 23-runner maiden event at Thirsk on her racecourse debut 16 months ago.

Nevertheless, she has added to her winnings on several occasions and, but for the presence of Lester Piggott at his most dynamic on Mississippi Shuffle at Yarmouth just under a month ago, she would now be bidding for her fourth success.

There, Piggott got his mount up in the final stride of a six-furlong event to beat *Champ* d'Avril by the shortest of short heads. If Champ d'Avril can reproduce that form over today's minimum trip she should be good enough.

Character Builder won a maiden at Catterick last August before scoring at Hamilton on the way to beating Moray Shire by half a length in a £5,600 York nursery.

However, now that the ground has come up soft and she has a reasonable handicap mark, this good-looking daughter of African Sky is probably worth another chance—particularly in view of weaker than anticipated opposition.

John Dunlop, whose Setting Trick was one of the absentees from Character Builder's race after the final declaration stage, seems certain to boost Willie Carson's title bid at some point during the afternoon. Carson rides Faiz, Arundel's odds-on *Halleath Stakes representative,* as well as stable companion Field Day.

One I expect to see finishing ahead of Field Day here is Stuart King, runner-up at three quarters of a length to Cymbal in a 1½ mile event at Leicester recently.

HAMILTON

2.15—Faiz
2.45—Veeya
3.15—Champ d'Avril*
3.45—Golden Cage
4.15—Character Builder**
4.45—Stuart King***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 10.55 Cricket: The Cornhill Insurance Centenary Test—England v Australia. 1.30 pm Trumpton. 1.45 News. 2.00 Cricket: The Centenary Test. 4.13 Regional News for England (except London). 4.15 Play School (As BBC 2 at 11.00 am). 4.40 Battle of the Planets. 5.00 John Craven's Newsround. 5.10 Stopwatch. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 The Tuesday Film: "Up Periscope" starring James Garner.
8.35 Wildlife on One.
9.00 News.
9.25 Fair Stood the Wind for France.
10.20 The Miracle Workers.
10.50 Invitation to the Dance from Rudolf Nureyev.
11.15 News headlines.
11.17 Barry Manilow in Concert.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Heads and Tails. 5.10-5.40 Yr Awr Fach. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Tom and Jerry. 7.20 Gair I Gall. 7.45-8.35 The High Chaparral. 12.05 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm *Northern* Ireland *News.* 5.55-6.20 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.30 Trades Union Congress from Brighton.
11.00 Play School.
11.25-12.45 pm Trades Union Congress from Brighton and from 2.15.
1.35-2.00: 3.55 Cricket: The Centenary Test.
6.05 Open University.
6.55 Cartoon Two.
7.05 Mid-Evening News.
7.15 Steel Strike.
8.05 My Music.
8.30 Top Gear.
9.00 The Six Wives of Henry VIII.
10.30 Free and Easy.
10.45 Newsnight.
11.30 Cricket: Centenary Test highlights.

LONDON

9.30 am I Am Fijian. 10.00 A Big Country. 10.25 World Famous Fairy Tales. 10.40 Young Ramsay. 11.30 The White Stone. 11.55 Mr. Magoo. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. *1.30 Crown Court. 2.00* Here Today. †2.25 Tuesday Matinee: "A Hill In Korea" starring George Baker, Harry Andrews and Stanley Baker. 3.45 Food, Wine and Friends. 4.15 The Sooty Show. 4.45 The Square Leopard. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Cooper's Half Hour.
8.30 Arthur C. Clarke's Mysterious World.
9.00 Born and Bred.
10.00 News.
10.30 The Loners.
11.30 Guinness Golden Darts.
12.00 Barney Miller.
12.25 am Close: "Sit Up and Listen" with Garth Hewitt.

All IBA Regions as London except at the following times:—
c t HT

ANGLIA

9.35 am Sport for All. †10.00 Tuesday Morning Film: "The Sound Barrier," starring Ralph Richardson and Nigel Patrick. 11.55 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 2.25 The Line to Skye. 2.45 Chopper Squad. 6.00 About Anglia. 7.00 B.J. and the Bear. 11.30 Fireside Theatre. 12.30 am East Anglian Pilgrimage.

ATV

9.50 am Le Village un Village. 10.15 Morning Cinema: "Africa — Texas Style." 12.30 pm About Britain. 1.20 ATV News. 2.25 The Tuesday Movie: "Mobile Two." 5.15 Stuck by Lightning. 6.00 ATV Today with ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 11.30 ATV News. 11.35 Baretta.

BORDER

9.35 am Who's Afriad of Opera. 10.00 Treasures in Store. 10.25 World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Tarzan. 1.20 pm Border News. 2.25 Tuesday Matinee: "How to Break Up a Happy Divorce." 5.15 Survival. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Love Thy Neighbour. 11.30 Kaz. 12.25 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 2.25 TV Movie: "The Stranger Who Looks Like Me." 5.15 Doctor Down Under. 6.00 Channel Report. 7.00 Dartmoor. 7.30 Plymouth Rock. 10.28 Channel Late News. 11.30 Paris. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 9.30 The Human Face of China. 10.00 Treasures in Store. 10.25 A World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Chopper Squad. 12.30 pm Against the Wind. 1.20 North News. 6.00 North News, Farming News. 6.15 Fangface. *7.00 The Electric Theatre Show.* 7.30 Doctor Down Under. 11.30 Reflections. 11.35 Quincy. 12.30 am North Headlines.

GRANADA

9.30 am The Flintstones. 10.00 Nothing Great is Easy. 10.45 Cartoon Time. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 2.25 Tuesday Matinee: "Birds of Prey." 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.30 This Is Your Right. 7.00 Emmerdale Farm. 7.30 *Doctor Down Under. 11.30 The New Avengers.*

HTV

†10.00 am Tuesday Morning Movie: "Conspiracy of Hearts." starring Lili Palmer. 12.30 pm Against the Wind. 1.20 HTV News. †2.25 The Tuesday Matinee: "Top Secret," starring George Cole. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 10.28 HTV News. 11.30 The Practice.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Fialabalam. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Ffilmiau'r '70au. 11.10-11.40 The Practice.

SCOTTISH

9.30 am Odeon Cavalcade. 10.05 Feature Film: "Melba." 11.55 The Bubblies. 12.30 pm Against the Wind. 1.20 News and Road and Weather. 2.25 Feature Film: "The Shell Game." 5.15 What Happened Next? 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.30 Late Call. 11.35 Paris.

SOUTHERN

9.30 am Human Face of China. 10.00 "Bud and Lou," starring Harvey Korman. 11.30 The Lost Islands. 12.30 pm Against the Wind. 1.20 Southern News. †2.25 "The Straw Man," starring Dermot Walsh. 5.15 *The Undersea* Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Three's Company. 11.30 The New Avengers.

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 The *History* of the Motor Car. 10.00 George Hamilton IV. 10.25 Morning Movie: "Bush Baby." 1.20 pm North East News and Lookaround. 2.25 "The Night of the Full Moon." 5.15 Different Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 North East News. 11.30 Kate Loves a Mystery. 12.30 am Relationships.

ULSTER

9.40 am Spiderman. 10.00 Treasures in Store. 10.25 World Worth Keeping. 10.50 Portrait of the Artist. 11.05 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 Hotspot. 10.29 Ulster Weather. 10.30 The Loners. 11.30 Gardening Today. 12.00 Bedtime.

WESTWARD

10.00 am Treasures in Store. 10.25 *A World Worth Keeping.* 10.50 Portrait of the Artist. 11.05 Chopper Squad. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 2.25 TV Movie: "The Stranger Who Looks Like Me." 5.12 Gus Honeybun's Birthdays. 5.15 Doctor Down Under. 6.00 Westward Diary. 7.00 Dartmoor. 7.30 Plymouth Rock (Denny Laine). 10.31 Westward Late News. 11.30 Paris. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am The Coral World. 10.25 Comic Stories. †10.30 "The Winslow Boy," starring Robert Donat, Margaret Leighton and Cedric Hardwicke. 11.55 The Bubblies. 12.30 pm The Mary Tyler Moore Show. 1.20 Calendar News. 2.25 Tuesday Matinee: "Shell Game." 3.45 Calendar Tuesday. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Champion of Champions. 12.05 am Run from the Morning.

(S) Stereophonic broadcast
† Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 6.31 Talkabout. 7.31 Mike Read. 10.02 John Peel (S). 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Ray Moore (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with Jean Challis (S). 6.03 John Dunn (S). 8.02 Hooray for Hollywood. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Windsor Davies Presents . . . The Multi-National Eisteddfod Show. 10.30 Those Magical Movie Musicals: "*The Sound* of Music" (part 1), starring Julie Andrews. 11.02 Sports Desk. 11.03 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Gerald Finzi (S). 10.10 Finnish Piano Music (S). 10.55 Cricket: The Centenary Test—England v. Australia, including 1.05 pm Six Continents, 1.25 News, 1.30 Lunchtime scoreboard. 6.30 Coates Conducts Coates. 7.00 The Church and Latin-American Poets. 7.30 Proms concert, part 1 (S). 8.05 What Books I Please (talk). 8.25 Proms, part 2 (S). 9.40 Promenades. 10.15 The English Ayre (S). 10.30 Doctor Fischer of Geneva by Graham Greene. 11.00 News. 11.05-11.15 *Schumann (S).*

VHF—with Medium Wave except as follows: 6.00-7.00 am Open University. 10.55 Music for Wind and Voice (S). 11.50 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 Six Continents (as Medium Wave). 1.25 Harpsichord Recital (S). 2.00 Images of Debussy (S). 2.45 John Joubert (S). 3.30 Chopin and Messiaen (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 The Call of the Wild. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service (S). 10.45 Story Time. *11.00* News. *11.05* Thirty-Minute Theatre. *11.35* Wildlife. *12.00* News. *12.02 pm* You and Yours. *12.20* Down Your Way visits Norfolk. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 The Golden Bowl by Henry James (S). 4.10 Dying for a Drink. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 The Life and Death of the Silly Ass. 7.00 News. 7.05 The Archers. 7.20 Sym*phony of the Oceans (S). 8.05 On the* Train to New Zealand. 8.20 Odyssey. 9.05 Can We Make Jobs? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Speaking for Ourselves. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Ogdon (piano). 12.00 News.

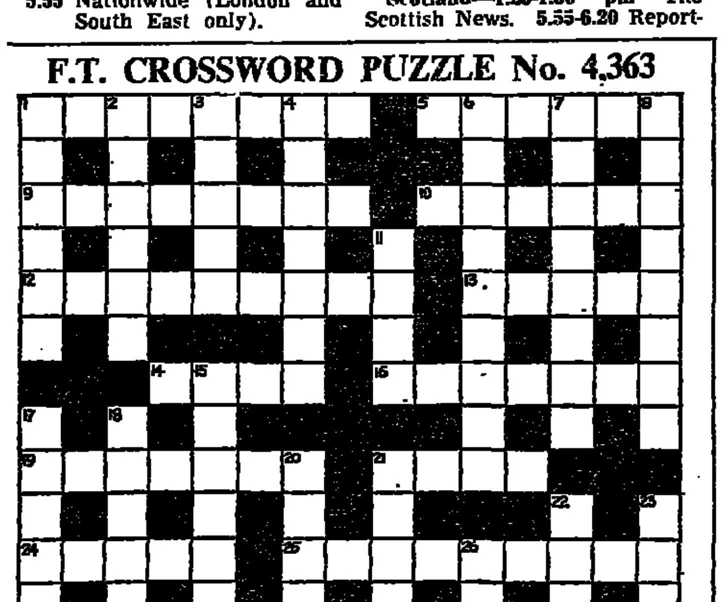
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 *Music on the Move.* 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron including interview with Peter O'Toole. 10.00 Brian Hayes. 12.00 LBC Reports. *8.00 pm* After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 After Eight Special. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,363



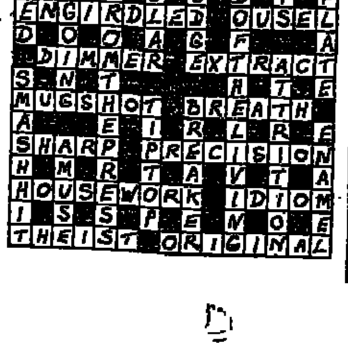
ACROSS

1 Dismiss a common girl called Phoenix (4-4)
5 Uncle making upper-classes more certain (6)
9 Relent admitting party that's fragrant (8)
10 A little ball the French hide outside (6)
12 Cut diner from source of warmth (3-6)
13 Met to produce a choral composition (5)
14 Not many accepted direction and hurried away (4)
16 Quivering like one who collects bees (7)
19 Concerning a meeting-place and income (7)
21 Deal successfully with a covering (4)
24 Certain about guide-leader being a swell (5)
25 I'm to intercede without delay (9)
27 Vinegar from beer and fish (6)
28 Soldiers in autumn shower (8)
29 Cancel an attack by aircraft (6)
30 *The way to encourage* caviare producer (8)

DOWN

1 Plunder in spite of mature years (6)
2 Salad vegetable for artist to distribute (6)
3 Handsome woman to ring before start of engagements (5)
4 Want rig to be changed for a game of marbles (4-3)
6 Cooks fruit in vessel (9)
7 Corresponding with kinsman (8)
8 List Conservative capable of turning (8)
11 Dry article turning up in melody (4)
15 *Junior NCO is to spear pike* (5-4)
17 To enter unlawfully could be a sin (8)
18 Be too productive on account of animal (8)
20 Way out without it (4)
21 Agreement to make powder container (7)
22 Able to copy savoury delicacy (6)
23 A capital carriage (6)
26 Coin in broken drain (5)

Solution to Puzzle No. 4,362



THE ARTS

Hayward Gallery

The 4th Annual by WILLIAM PACKER

The Hayward Annual is here again (until October 12), rounding off the old season or bringing in the new, according to how taste, temperament or the timing of our holiday incline us to see the matter. And this time we have the most positive and encouraging of them all in what should now be an established and (dare I say?) valued series of exhibitions. Its success, indeed, could hardly have come at a better moment, for next year the sequence is to be broken by the major Picasso show that the Arts Council is bringing to London, and so this year's effort must sustain our expectation, and the Council's nerve, through the interval.

For the Annuals have had a difficult time so far, suffering much criticism, public and professional—a most trying crossfire, with by no means all of it entirely fair. Even now the quiet abandonment of the series, though I believe it would be a serious mistake, would not be altogether a surprise. It is fair to say that the Arts Council has seemed to contribute to its own misery, apparently not always entirely sure of the point of the exercise, and thus helping considerably to qualify it by misunderstanding, confusion and compromise. And controversy has tended to centre more upon the mechanics of selection, and the supposed comprehensive purpose of it all, than upon the qualities of the work actually put up to view.

But persistence has paid off: three shows have been enough for the point to register that one year's decisions do not bind next. The judicious narrowing of the brief given to successive selection panels has shown that the ambitious universality suggested, if not actually attempted, in the first instance, must necessarily give way to a more sensible partiality, the implication being that in time, in theory at least, each particular kind of work will get its turn.

And now at last that principle of partiality and special interest in the selection has been embraced with something like conviction. John Hoyland, a most distinguished painter himself, whose comparative obscurity here is a sad symtom of our national colour-blindness, was persuaded to take on the daunting task of choosing the show, and thus to take final responsibility for it. He in turn invited Tim Hilton, that most engagé and volatile of critics, to help him not as selector but as consultant and sounding board, tipster and monitor in one. It is an arrangement that might not suit everyone, but has worked splendidly for them; and though Hoyland's is the major part of the credit, as his is the responsibility, the show is a personal triumph for them both. And if it is Hoyland that we owe the particularity of the show, the undoubted sense it offers of a coherent personal vision, I suspect it is Hilton whom we must thank for its surprises and its range. At this point I would also commend Hoyland for keeping his own work out of the show, as a matter of principle.

Hugh Routledge

John Hoyland, exhibition selector, on the balcony of the gallery

The show falls into two disdistinct parts, almost to the point of forming two quite separate shows. The introductory section is in fact a declaration on Hoyland's part of where he feels his allegiance lies, of what kind of English art it was that affected and conditioned his own development, and still provides the context in which he works. And in a most curious and economical way he distinguishes a strain we might all recognise easily enough, but only after our attention is drawn to it. It is a romantic, unforced expressionism, sensuous sometimes to the point of hedonism, founded in the world of the senses, of flesh and nature. And it is not at all exclusively abstract: indeed one of the most useful services this selection does is to point the unity of purpose and vision that holds so much painting togther, no matter whether abstract or figurative.

And casting forward for a moment to the second part, the Annual proper, the free acceptance of generalised figurative associations in the work, amounting in some instances to a palpably descriptive figurative space, is now evidently become widespread from what we see here, among old and young painters alike — which is a most remarkable and intriguing development.

Thus it comes as no real surprise in this first section, and a great delight besides, to find Hoyland reaching out to Matthew Smith and Ivon Hitchens, to William Scott, Frank Auerbach, Howard Hodgkin and John Walker. And he places them with neither difficulty nor embarassment alongside the painters particularly associated with St. Ives abstraction, who have been given considerably less than their due in recent years, dismissed too readily as decorative, sentimental and just a shade self-indulgent. Terry Frost, Patrick Heron, and Roger Hilton are deservedly well shown, and Peter Lanyon, as has been apparent for some time, is again revealed as a major artist.

Eighteen painters fill out the rest of the Hayward. There is no list of works given in the catalogue, for the final choice was deliberately left as late as possible, the artists invited to make available somewhat more work than could be hung. The result is as handsome a show as one could wish for, and anyone who doubts that abstract painting (and this part is entirely given to abstraction) can afford a direct, exciting and extremely pleasurable physical sensation should get along immediately to re-examine his prejudices. Naturally I do not agree with every single choice that has been made, either of particular artists or of particular works, but I do not propose to recriminate, nor to run through an exhaustive catalogue of counter-proposal and approval.

But I shall single out one or two special favourites. In the past year or so Albert Irvin has enjoyed a burst of astonishing creative activity, working no harder than before, but with a relaxed and confident energy that has produced a run of extraordinarily beautiful works. He showed some of them at ACME at Easter, and now his huge canvasses dominate one end of the main gallery, just as they could command the whole place. At the other end, Anthony Whishaw shows a number of equally large new works, but darkly atmospheric, night pictures as it were, insidiously potent and ambiguous. And, in between, Frank Bowling's deceptively modest small canvasses should not be missed, for they too are extremely beautiful things, with their densely marbled, unassertive surfaces.

Elsewhere, Terry Setch shows a group of strangely numinous hangings, with their thick, accreted and faded surfaces, as they might be tapestries in an ancient temple. Upstairs, John McLean, Brian Fielding and Basil Beattie all show with unmistakable if various authority, with Beatty especially vigorous; and Michael Moon, too, whose solidly compacted and oddly decorative reliefs are one of the treats of the entire show, suggests that he has found his way again, after a long period of uncertainty.

These are all mature artists —and the average age of the exhibitors is about 45; of their younger colleagues, I was particularly drawn to the work of Clyde Hopkins, Jeffrey Dellow, Patrick Jones, and Paul Tomkin. A token gesture is made towards recent English sculpture by the inclusion of a work apiece by William Tucker, Tim Scott, and of course the dominant figure, Anthony Caro.

Salzburg Festival by FRANK LIPSIUS

Though the Salzburg Festival has long been considered primarily a musical event, it celebrated its 60th anniversary this year only because of an outdoor theatrical production staged in the city's baroque Dom Platz in 1920. But under the direction of Ernst Haeusserman, a veteran of the Burg Theater in Vienna, theatre has in recent years again achieved a prominent place in the festival. There are currently four plays in the repertoire and with each having only four or five performances during the five weeks of the festival they justifiably stay in the programme a number of years.

For *Jedermann*, the play that Max Reinhart staged to establish the festival in 1920, the number of years is considerable (though not quite 60, because of war and other interruptions). Von Hofmannsthal's version of the medieval morality play *Everyman*, has been treated differently over the years. After a bout of modernising, Dr. Haeusserman has restored it to the 16th centry, where voluptuous carousing and elegant gentility are played against literal reminders of the Church's admonitions in the form of saints on the facade of the famous cathedral.

Von Hofmannsthal's search for higher ideals in the wake of the First World War gave him a high-minded condescension toward the world. He felt the superior in his collaborations with Richard Strauss, which produced *Der Rosenkavalier* and *Ariadne auf Naxos*, among other operas, and in *Jedermann* he takes a hard line against the dignified but fun-loving landowner abruptly faced with death. It is not good enough for von Hofmannsthal that Jedermann takes pity on the wife and children of a bankrupted tenant or that he fêtes his friends and relations in a spirited banquet that spreads munificiently across the wide stage.

Maximilian Schell

Maximilian Schell makes the man seem much more good natured than excessive in any way, but he manages a convincing penitence when he sees the frightening spectre of death appear at his dinner party. The gothic Dom-Platz made an admirable setting for the play, especially at the outset when pages intone "Jedermann" across the court where it echoes and mingles with the church bells tolling the hour. But a sudden shower on opening night forced the play indoors two-thirds of the way through and there the traditional pageant became a strikingly conrolled and concentrated performance. Because of Salzburg's unpredictable weather, the change of venue was prepared, if not anticipated, with tickets giving both indoor and outdoor seat locations. Indoors a black velvet backdrop and a stepped stage abstractly reflected the outdoor setting but did it one better by focusing attention on the stark confrontation of a man facing his final journey through mortality.

In an entirely different mood, the festival has an enormous success in the revival of Johann Nestroy's 1840 farce, *The Talisman*. The play makes delightful slapstick out of the adventures of a social climbing peasant who builds his career on false pretences. In a society with an aversion to red heads, our hero Titus Feuerfuchs has a head full of bright orange locks. A social outcast, he saves the life of a man he thinks is a nobleman, who rewards him with a curly black wig.

Thus disguised, Titus becom the darling of a succession of wealthy widows, but his wigs leave him vulnerable to exposure, especially when the nobleman turns out to be a hairdresser who likes to romance his clients, among them the red head's widows. Helmut Lohner injects the role of Titus with extraordinary energy, leaping head first into every predicament and expricating himself with the skill of a contortionist. He tries to escape one drawing-room confrontation by curling himself round a chair, a feat which as usual gets him more stuck than he was before. The scenes are punctuated by songs that the main character comes to sing to the audience as the set is changed behind him. Peasant ditties with clever lyrics, they get updated by Lohner in a way that makes the audience forget about the redhead and want to hear more songs.

Among the slow-witted peasants in the story is Otto Schenk the play's director and one of a splendid supporting cast that prevents Lohner from walking away with the story despite his vocal and visual hijinx.

Lucerne Festival

Poland in Music by RONALD CRICHTON

The old Lucerne Festival image dies hard—rich old ladies taking tea on the terrace of grand hotels and listening enraptured to Karajan in the evening. Karajan still comes (with the Berliners this year and a work by Penderecki: other visitors include the New York, Warsaw National and Royal Philharmonics) but the idea of a theme festival has taken root. The 1980 "motto" is Poland in Music. One or two coups—a play by the present Pope written when he was Karol Wojtyla, Bishop of Cracow and a lecture on Chopin by Rubinstein—and a thorough review of Polish composers from Chopin and Wienawski to the present day. New works came from Lutoslawski and also from several Swiss composers. A special celebration honours Siegfried Wagner, born 50 years ago at Tribschen, just outside the city.

Because the setting (city, lake and mountains) is so spectacularly romantic, Lucerne music-making tends to seem staid by comparison. Some of the Swiss orchestras appear humdrum beside the glamorous visitors. The musical venues, with one exception, are adequate but unremarkable. The exception is the Lion Monument, where serenade concerts are given (weather permitting) in the open air. The performers sit on a platform over a sheet of water at the foot of a great slab of diagonally scored grey rock on which is carved, in memory of some historic event, a recumbent lion designed by the sculptor Thorwaldsen. Trees, water and the deeply incised sculpture, discreetly lit, form the prettiest imaginable background.

One of this year's serenades, on a fine evening fresh enough to reduce insect activity, introduced Lutoslawski's Double Concerto for oboe, harp and chamber orchestra. This is the latest addition to a fabulously long and distinguished list of commissions by Paul Sacher, who conducted his Collegium Musicum of Zurich. The concerto was designed for the evening's soloists, Heinz and Ursula Holliger. Three shortish movements of divertimento suggested that further hearings would reveal a web of inter-relationships behind the typically fastidious, literally ear-ticking surface.

Heinz Holliger's oboe, unwinding endless lines with Bellinian breath-control or pipping out stuttering, ultra-staccato figures, put his wife's delicate harp-rustlings at some disadvantage. The harp is not an ideal solo instrument for the open air, and even with such close accord between the pair it became an accompanist. And I suspect that between the commanding oboist and the crackling percussion, a certain amount of fine string detail vanished into the air. Nevertheless, the experience was keenly pleasurable. The last movement had to be repeated. Mozart's Divertimento in F (K 247) laid bare some weakness in the Zurich violins.

Lutoslawski's disinclination to waste notes or noise made the weirdest contrast to the quantities of sound Penderecki shovels into his Violin Concerto, heard two nights previously in the Kunsthaus. The composer conducted the Swiss Festival Orchestra with Konstanty Kulka as soloist. The concerto has been described here recently. For me it was a first hearing. I admired the adroitness with which Penderecki keeps his *grande machine*—a single, complex, 40-minute movement—in motion while rather disliking the thickly-charged atmosphere of howling, Gothic grief. Kulka's tone is not particularly brilliant, but, among other talents, he has the security above the stave that seems to be the birthright of Polish violinists.

Another evening brought a "*Nocturne*" in the form of a programme by the group MW (music workshop) of music and music-theatre by the Cracow composer, Boguslaw Schäffer—"avant-garde of the avant-garde" in his own description. Dangerous claim: one may expect too much. I had a feeling, not based I fear on much recent experience of the newest of the new, that some of these sounds, ideas, attitudes, send-ups and juxtapositions have been around for quite a time. We heard *Self-expression* (1978) for sol cello, a deadpan piano study *Model IV* (1963), and a sub-Berberian number *Out of tune II* (1980) for voice, cello and piano.

These were fairly short. *Blues I* (1972) for two pianos and tape and *Quartett* (1966) for four actors in tails (members of a nightmarishly frustrated string quartet?) had their moments but were inordinately long for the late hour, and one had the feeling that the inordinateness was part of the game. But one could admire the throw-away elegance, precision and style of the musicians and actors (*Quartett* was produced by Mikolaj Grabowski). I liked the despondently furtive, wide-brim hatted pianist Marek Mietelski. The group's leader, Adam Kaczynski, plays blues with the supple articulation one imagines Cherkassky would bring to such music.

Such stylistic virtues (not uncommon among Polish musicians) would have been welcome on other occasions. At one of the symphony concerts Withold Rowicki conducted the Swiss Festival Orchestra in the admirable *Stabat Mater* of Szymanowski: interesting young guest solosist, especially the soprano Jadwiga Gadulanka and the contralto Ursula Mitrega, but doughy singing from the festival chorus. In their duo recital Wolfgang Schneiderhan and Carl Seeman played Szymanowski's Violin Sonata op.9. They were more persuasive in the Brahmsian, intermezzo-like middle movement, a charmer that could well be played on its own, than the more rhapsodic outer movements.

In a festival ranging widely over the given field, encouraging comparison and contrast (during a short stay I heard other Slavonic music including, at Rowicki's concert, Martinu's elegiac *Lidice*, and could have heard more), there are bound to be disappointments. The general impression remained stimulating. Then there was the lake, misty blue and mother-of-pearl, and the Swiss ability, when it comes to looking after visitors, to rise above difficulties that floor other tourist-seeking countries. Our prices soar as services deteriorate. Swiss prices remain almost stable while their efficiency in the art of welcoming remains unchanged.

Coliseum

Count Ory by MAX LOPPERT

An inexhaustibly delightful (and, after 17 years of existence, seemingly indestructible) production of Rossini's most subtle and most enchanting opera has returned to the Coliseum. Ideally, comment ought to be reduced to simple commendation of the generally good standard of this revival (with perhaps a few words of special praise for Valerie Masterson's exquisitely poised Countess). But rows of unfilled seats on Saturday indicated once again the extraordinary reluctance of London's operagoers to take the work to its heart; so perhaps this notice must frame a stronger exhortation. *Pace* Massenet, the "dear Public" (his famous phrase) is not always right.

Count Ory is at once a caprice, and something more. That "something" concerns the musical quality, which in the second act ascends into Mozartian realms of sensuous beauty, and also the dark shadows flickering about the comic manoeuvres. (Should we sense in Count Ory himself a touch of the devil?) It wants a finely meshed ensemble, solo singing of high polish, and orchestral playing of unspotted tonal refinement — a tall order for a repertory company, one might think, except that over the years the English National have provided more than one revival, like the current, in which most of the requirements are soundly met. Not all: for that we would need a smaller theatre, in which a larger proportion of the words could be heard without strain, and Vittorio Gui returned to earth to conduct. But as long as the merits of Anthony Besch's production (rehearsed this time by Hugh Halliday) and Peter Rice's sets and costumes remain so obvious, there seems no reason why the ENO *Count Ory* tradition should not stretch out indefinitely.

The cast blends long-familiar and new elements. John Brecknock in the title role (in very good voice, tending to broaden the comedy too much and too soon), Anne Collins' magisterial Ragonde, Harold Blackburn's tutor all come up unstaled by routine. Miss Masterson's Adéle was first encountered in 1972, though it was then no more than a pale sketch of what has become a glittering impersonation, ravishingly sung, the note of elegant absurdity in her vapours and languishing achieved to a nicety. (Last season Eiddwen Harrhy, this season Miss Masterson: lucky company that has them both!)

The travesty role of the page Isolier now falls to Cynthia Buchan; memories of Patricia Kern and Della Jones are not effaced, but there is promise in her compact figure and bearing, and a pleasant combination of sweet and sour in her voice. Raimbaud, the Count's companion, is a marginal assignment, and Niall Murray, singing out strongly, has not yet discovered the style of performing it that might persuade us otherwise. In the tiny role of Alice, Lesley Garrett made her mark. I applaud the determination of the conductor, Noel Davies, not to rush Rossini's delicately constructed numbers; at the start of the second act, for instance, there was time to note both how beautiful is the melody of the duet with chorus and how wittily it underpins the plot. But moderate pace meant, on Saturday, moderated sparkle in the orchestra: the timbres were not always what one knows they ought to be. In sum, though, a happy evening.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday September 2 1980

Reforming the trade unions

INEVITABLY the Trades Union Congress will be devoting most of its energies this week to an attack on the Government's economic and industrial policies. But it is encouraging that on the first day time was made available for a discussion of the trade union movement's internal weaknesses and of possible remedies for them. Mr. David Basnett, general secretary of the General and Municipal Workers Union, won agreement for his proposal for a review of union finances, contributions and services. Mr. Basnett and several other speakers referred to the damage that was being done by inter-union competition for members and duplication of services. At a time when union finances are coming under strain as a result of rising unemployment, the trade unions need to be more efficient in their use of resources. This requires, among other things, greater co-operation among unions operating in the same industries.

Overlapping

If, as now seems possible, a solution is beginning to emerge to the Isle of Grain dispute, this would dispose of one of the most serious and most embarrassing inter-union squabbles of recent years. But the bitterness of that particular argument reflects what one speaker described yesterday as notions of independence among unions which would do credit to a 19th century mill-owner. A large number of lesser inter-union quarrels is referred to the TUC every year. Very little progress has yet been made in solving the problem of overlapping jurisdiction, which stems from the long-established British system of occupational unionism.

Amalgamations

Given the historical background there is no possibility of radical change in the direction of industrial unionism—one union for one industry—on the German pattern. The question is how far present arrangements can be modified by patient negotiation among unions. Unfortunately the basic distinction between craft and non-craft unions (a major cause of overmanning in British industry) is deeply embedded in the system and this will remain a serious weakness, even though technological change is making the distinction increasingly irrelevant.

While the number of unions is likely to diminish through amalgamations, a structure consisting of big general unions and a handful of large, multi-craft unions will not necessarily help matters as long as each union is seeking to push at its membership boundaries. One consequence of the contest for members is that unions keep their subscriptions absurdly low, so that the facilities they can offer—and the number of full-time officials they can afford—are grossly inadequate.

What may be more feasible is a development of the TUC's industrial committees, through which unions active in the same industry are supposed, in theory, to co-ordinate their policies. Too often these committees have had the effect of highlighting differences between individual unions, but at least the structure is there to be built upon—if there is the will on the part of the unions concerned, backed up by leadership from the TUC itself, to make them work.

More effective co-operation between unions at national level could have the effect of legitimising and strengthening the multi-union shop stewards' combines which are playing an increasingly important role in many large companies. Employers with multi-union factories would prefer to deal with a negotiating body which has authority at shop floor level and a clear relationship with the national union leadership.

Leadership

For any significant rationalisation to take place the TUC will have to exert an authority which it does not at present possess. Will union leaders be prepared to give up some of their own autonomy in the interests of a stronger trade union movement? Past experience suggests that a combination of self-interest and inertia will frustrate the reforms which were talked about in Brighton yesterday. But to allow the present divisions and weaknesses to continue is bad not only for industrial relations but for the interests of trade union members themselves. Moreover the reputation of the trade union movement with the public at large—and its ability to influence government policy—is unlikely to improve as long as its internal affairs are in disarray.

Germany keeps fighting fit

BOXING FANS speak of the "hungry fighter"—the man with no especially distinguished record but with a flock of children who suddenly explodes in the ring. The concept is useful in non-academic economics.

It explains the performance of the chief losers of World War Two in the post-war commercial race. Germany and Japan were hungry fighters in the 1960s. Now they count among the world's rich, yet the initial momentum of those earlier years lingers on. Only a necromancer could say how long it can be kept going. In Germany there are clear signs that it is beginning to flag. The popular image of *furor teutonicus* at work bench and executive desk is looking frayed. The five-day week is sacrosanct; so are the plentiful holidays.

Costs

On top of that the Germans pay themselves more than their most important competitors. According to a recent estimate published in Germany, the hourly labour costs of German industry (including social security levies), at DM 21.14 or £4.90 in 1979, were outdone only by the Swedes and the Dutch. In the U.S. the figure was DM 16.95—small wonder that German industry has been putting a stream of direct investment into America. The figure for France was DM 15.05, and for the UK a lowly DM 10.20.

Add to that the relatively high exchange rate of the D-Mark. It may have come down in terms of the oil-borne pound, but against West Germany's leading trade partners the index figure has remained remarkably steady in the past 12 months. On a base of 1972 = 100, it has fluctuated by less than three points above and below the 150 mark.

It is against this background that one must judge the heavy current account deficits that the country has been running and is continuing to run. From a surplus of DM 17.5bn in 1978, the current account plunged into a deficit of DM 10.1bn last year. For this year the IFO institute forecasts a deficit of DM 27bn, which it thinks will lessen to DM 20bn next year.

Deficits on invisibles are habitual in Germany, to a great extent because of the Germans' avid pleasure in foreign travel and the remittances sent home by migrant labour. But last month the traditional trade surplus melted to a mere DM 100m. For the first seven months of this year it was DM 4.6bn, or DM 10.9bn less than in January-July of last year. A bit over DM 10bn of that deterioration came from slightly reduced oil imports at vastly enhanced prices.

Lambsdorff

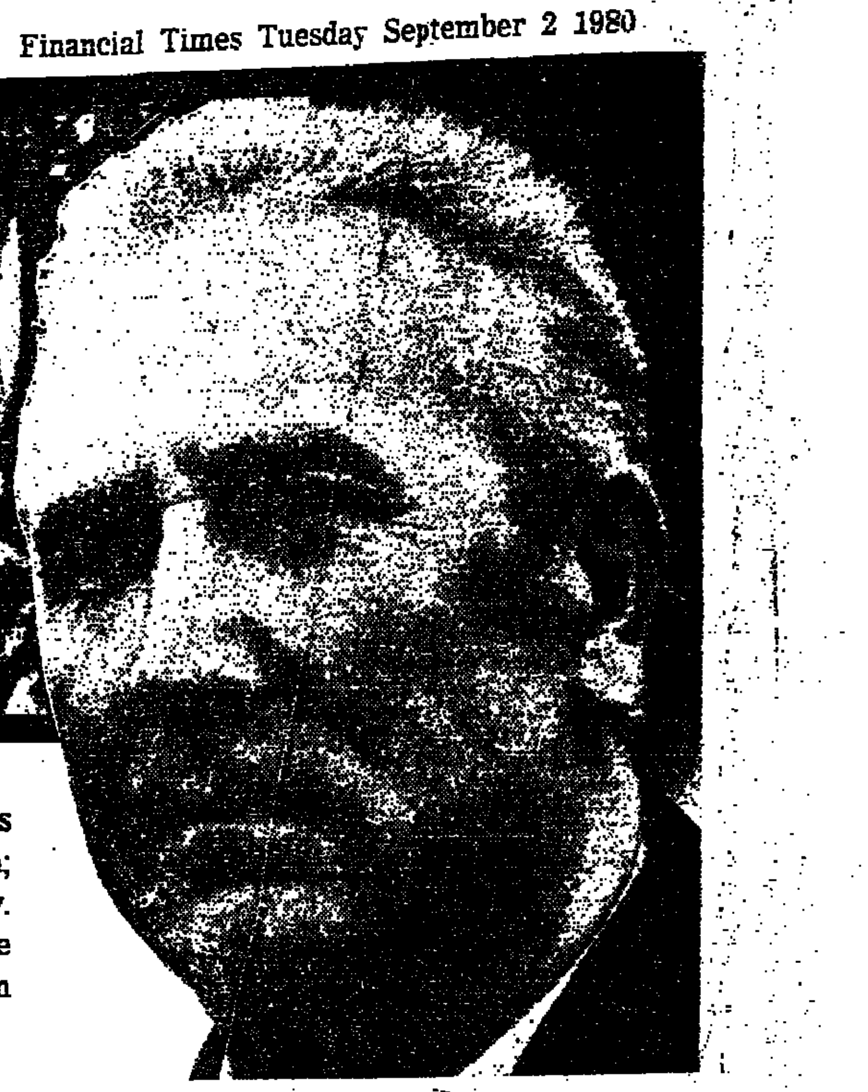
The role of oil in the trade account is illustrated by two further figures. German exports overall increased by 8 per cent in volume during the first half of this year, whereas imports rose by only 6 per cent. Not an unhealthy picture, though since GNP grew by about 3½ per cent in the same period, the market share of imports must have increased.

Industry has mostly reacted with phlegm, though the motor industry, perhaps for the first time, is sounding anxious about the Japanese. It has stopped short of calling for quotas, official or "voluntary," which would command little sympathy from the Government in Bonn (or from the only imaginable alternative, provided the opposition remains true to its traditions). Count Otto Lambsdorff, the Economics Minister, has said that given German dependence upon exports, resorting to protectionism would be on a par with committing suicide for fear of dying.

The Bundesbank is on a similar course. The discount rate has been at 7½ per cent since May, higher than at any time in the preceding decade. Its objective is to defend the exchange rate against pressures emanating from the current account.

Competition

Though the pattern has now been reversed, the Bundesbank spent DM 16.5bn from its reserves on defending the exchange rate during the first four months of this year. So it and Count Lambsdorff are at one in believing that competition is the goad to keep the fighter fit even though his hunger has been stilled. A forecast 6 per cent real increase in German industry's investment in plant and equipment this year seems to show that so far the goad is working.



Strike leader Lech Walesa raises a fist in victory as he outlines the agreement with the Polish Government at the weekend. It now remains to be seen whether the new unions will be allowed to participate in factory management and whether Mr. Edward Gierek, the Polish Premier (right) will survive the storm which has descended upon the weakened leadership; **Christopher Bobinski** reports from Warsaw. Below, **David Satter** assesses the mood in the Kremlin after the concessions to the Polish strikers.

Poland faces the real test

THE STRIKERS in Gdansk and Szczecin, by winning the right to strike and to their own independent trade unions, have shown the Polish population that it is no longer powerless. But the question of paramount importance, here, in the Soviet Union and the rest of Comecon, is how the events of the past two weeks will affect the way the Communist system functions.

The Soviets have already signalled their deep unease at the agreement signed between the workers and the Polish Government in a hard-hitting Pravda article. For the moment, it seems that this may be only a warning shot to the Poles not to go too far with their experiments. But the problem for the future is, as one Western reporter remarked: "will the Poles be permitted to intervene in their own internal affairs?" to introduce changes which will bring the country out of its economic and political crisis.

For the moment the Gdansk accord signed by the strikers leader Mr. Lech Walesa and Mr. Mieczyslaw Jagielski, a Deputy Prime Minister, is a hopeful sign. The local party organisation in Gdansk and Mr. Jagielski himself have come to see that the existence of an independent union movement will provide some sort of guarantee that the party can be kept from losing touch with the population.

Some of the negotiators on the Government side during the talks in Gdansk were even convinced that it is only if independent unions exist that the officially sponsored union movement can be revitalised. But despite the fact that a special session of the party's central committee on Saturday approved the decision for independent unions it does not mean that their future will be easy. The party and state apparatus are quite unprepared for a situation in which an independent voice is empowered to pass judgment on their decisions.

Also, there is still opposition to the enlightened line which the majority of the central committee took at the weekend, albeit under the pressure of the growing strike wave. The delay in publishing the terms of the Gdansk agreement in the national media would suggest that it is unpopular with some of the leadership.

The new unions, on the other hand, are at the moment being set up on a wave of enthusiasm, but it is by no means clear who will in future staff them. There is almost no experience in Poland of this kind of activity and, in the struggle for influence which lies ahead, the new unionists may prove no match for the guile and resources at the disposal of the state.

Their role will also be determined by the nature of future economic reforms and the debate on these is only just beginning.

The reform debate will not be easy. The events of the past few weeks have shown how deep the credibility gap is between the party and the population. People are tired of shortages in the shops, the inefficient economy, and the waste of human and material resources

There is also a considerable reservoir of anger at what is seen as the good life that senior party officials have been leading. Protests are growing, for example, at the life-style of Mr. M. Szczepanski, the former head of radio and TV, who was ousted last week. Demands will also be made that those who failed to take correct economic decisions in the past decade should be brought to account.

All this will further diminish the authority the party can still summon up. Whether Mr. Edward Gierek, the present party leader, will be able to ride the storm is doubtful.

The problem of the future is whether the long latent discontent which is now being articulated can be more or less channelled into the existing institutional forms. This was done at the weekend in the Baltic ports by the strikers and the Government when the new unions signed a declaration which says that they respect the leading role of the party, Poland's socialist system and the country's alliances.

All are crucial statements if the fears of Poland's neighbours are to be set at rest.

But new issues are emerging. If the party is to shore up its authority and deal with the population, it must itself become more democratic. The whole question of agricultural protection must be looked at. Relations between Church and state will have to be redefined.

One central committee member confidently remarked in Gdansk last week that Poland was facing powerful social and political changes and that these could revitalise the socialist system. But if this is going to be accomplished smoothly the population is going to have to stick to the motto of the Gdansk strikes: "Solidarity and caution."

So far, this has been achieved. The shipyard workers showed the population that it can fight for its rights. They also demonstrated that gains can be made peacefully, without bloodshed and in a disciplined way. But it is too early to be sure how firm all these gains may be.

Why the Soviet Union has not intervened

SHORTLY BEFORE the major price rises for food products which started the recent strikes, were announced by the Polish Government, the Soviet authorities advised the Poles not to raise prices without more thorough "political preparation."

The Polish leadership ignored the Soviet advice as they have generally been free to do where internal affairs were concerned, and the strikes which led to the trade union reforms were the result.

Now the Soviet authorities must be deeply unhappy about the Polish Communist Party's partial surrender of power. But they will accept the Polish Government's agreement to the establishment of independent trade unions provided it helps to keep Poland under control.

For the Soviet Union, the most important thing is not how tightly Polish workers are controlled — although they would prefer them to be as powerless as Soviet workers—but rather Poland's overall loyalty to the Warsaw Pact.

As long as the Communist Party remains in power and Poland remains part of the Warsaw Pact alliance, almost any reform adopted by the Polish Government is acceptable to the Soviet Union because under present circumstances, the cost of crushing Polish resistance is too high.

When the Soviet Communist Party newspaper Pravda yesterday attacked Polish workers for inflicting maximum damage on the Polish economy in pursuit of "counter-revolutionary" goals, the newspaper was expressing not only the Soviet Union's anger but also its powerlessness.

Independent trade unions and the right to strike are incompatible with Soviet ideology, but in the Polish case the ideological inconsistency could only have been eliminated through the use of military force, which would have been politically damaging to the Soviet Union

Pravda, therefore, had little choice but to ignore the agreement on independent trade unions yesterday.

The most Pravda could do was denounce the workers and implicitly warn them not to push their luck too far.

Although comparisons are made difficult because in Czechoslovakia the driving force came from the party hierarchy itself, a case could be made that the Soviets have already tolerated more from the Polish workers this summer than they tolerated in Czechoslovakia in the spring of 1968.

If the Soviets have resisted the temptation to intervene in Poland or even to give the impression that such a possibility was being considered, it was because the potential military and economic costs of invading Poland would have been much higher than those of subduing Czechoslovakia and the Soviet authorities have learned to be flexible in the ways they maintain their control.

The question now for the Soviet leadership is whether the steps which have been taken will prevent further disruptions in Poland and it is this which will determine their future support for Mr. Edward Gierek, the Polish Communist Party leader, rather than unhappiness over what the Soviets would see as his tactical compromise or past mistakes.

There is a danger of the events in Poland having an influence on the Soviet Union's own frightened and demoralised workforce. Most Soviet citizens are aware, albeit confusedly, of what is happening in Poland

The Soviet Union itself, of course, is not immune from labour troubles. There were reports this spring of strikes in the giant car plants at Togliatti and Gorky, and stoppages at the Kamaz truck factory and a tractor factory in Chelyabinsk. The reason for the stoppages was reported to be shortages of milk and meat products which, in most cases, were far more severe than those experienced in Poland.

The Soviet Government counts on the loyalty of factory workers who in most cases are far better paid than office workers, doctors or teachers. But as news of events in Poland begin to reach ordinary Soviet citizens who are adept at interpreting cryptic references in the official Press, there is increasing talk in the streets or in queues about a precedent which may have relevance for the Soviet Union itself.

The danger of ideological contamination as a result of the events in Poland, however, can probably be controlled by a much tighter rein on tourist trips by Soviet citizens to Poland and the pervasive and self-fulfilling conviction on the part of many Soviet citizens that any resistance to the Soviet regime is futile.

The meaning of the Polish events for Moscow will more like show itself in whether the Polish workers, under the pressure of economic and political developments, attempt to act through their democratic trade unions to expand their political influence and usurp the power of the Communist Party.

MEN AND MATTERS

The meaning of the ACT

A concern with fixed assets of £514 after accumulated depreciation last year of £90 sounds as though it ought to be rather small beer to Alan Clements, finance director of ICI. But the man across whose desk spurt the Ninian millions allowed himself considerable satisfaction as he reported yesterday on the affairs of the Association of Corporate Treasurers, of which he is president.

The ACT was formed 18 months ago, largely on the initiative of its chairman, Manchester Exchange Trust managing director Norman Tribble. Its overtures to Britain's top 1,000 companies have yielded a current membership of 456.

Much of ACT's early work has been devoted to collecting enough of its high-flying members in one place for long enough to hear a series of "foundation papers" on corporate topics presented by leading business figures. In the longer term, it seeks to formalise professional standards for the job by instituting examinations and providing vocational guidance for would-be treasurers. Its magazine, The Treasurer, has enjoyed a profitable first year, with advertisers anxious to place their services before what ACT itself reckons is "perhaps the most concentrated body of strategic decision-makers in this country."

There are also, I am happy to hear, more distant hopes of a gothic pile somewhere in the City, where amid leather chairs and week-old copies of the Financial Times, members may enjoy some of the more informal facilities furnished by our professional bodies.

"... and we are sending a delegation to Poland to find out how to bring a repressive Government to its knees."

Brew haha

Stirred, not to say shaken by the widespread retailing of silly season stories about the alleged dangers of drinking lemon tea from polystyrene cups, the British Plastics Federation has at last responded with a ponderous counterblast.

There is no denying, admits the federation, that the brew can have a most curious effect on the structure of the cup. But while the plastic may wilt and shrivel, it will not dissolve. In any case, it adds, citing the latest research, "there is no evidence whatsoever that polystyrene is a carcinogen," and nothing to justify doubts about its safety in "food contact applications."

Cheering news then, about the container. But nothing so somforting—so far—about the contents. If lemon tea does such interesting things to modern plastics, what, I ask myself, does it do to my old-fashioned innards?

On board

Denis Allport is nothing if not a company man. His 34 years of working life have seen him rise through Metal Box, largely on its overseas side, to the top of the tree with his appointment as chairman last year. Now, perhaps sufficiently familiar with his territory, Allport has admitted a minor distraction in the shape of an appointment to the National Enterprise Board, which he takes up this month.

Surprisingly for so eminent a businessman, it is Allport's first public sector appointment. His elevation to the ranks of the Great and the Good came, he told me, as "something of a surprise," since he has had little to do with the NEB apart from a friendship with its chairman, Sir Arthur Knight. His particular interest, in the modest two-days-a-month which the NEB will demand of his time, will be the high-technology end of its portfolio.

Out of touch

It may say British Telecom on the freshly-liveried vans, but to the residents of Hounslow it is still the same old Post Office. Promised a transformation of telephone services earlier this year, phone subscribers on the industrial fringe of the capital looked forward happily to May 21, when, they were told, the 46-year-old relics in the local exchange would be unplugged and replaced with new equipment.

"It has been disasterville ever since," says Peter Harwood, marketing services manager of dyestuffs and chemicals makers Williams (Hounslow). "They have dropped the proverbial brick," offers the equally disenchanted Peter Frowd at Hoechst headquarters.

Harwood, whose company turns over £13m a year—half on exports—says in some desperation that he has no way of knowing if customers can contact the business or not. But three separate monitoring tests carried out inside the company showed that 34 per cent of all outgoing calls went astray.

Although Hoechst has not calculated the total of misdirections, numbers "unobtainable," and crossed lines which beset the 570 and 572 prefixes channelled through the Hounslow exchange, Frowd recounts a recent complaint from night security men who could not get on with their job since they were occupied accepting and logging 150 wrong numbers in one shift. "My feeling is that it's getting worse."

Unto the beach

The finely orchestrated flag-waving and drum-beating accompanying the departure of Crusader 80, Britain's biggest military exercise since World War II, appears to have distracted public attention from the uncomfortable fact that most of our boys are having to rely on friendly foreigners to give them and their ironmongers a lift into battle.

Although a platoon or two of our 15,300 soldiers and 12,600 vehicles will sail across the Channel on scheduled British ferries, most of them are being transported by a fleet of Danish ships, courtesy of DFDS, which obligingly cancelled seven of its sailings between Newcastle and Esbjerg to do the honours.

The Navy's fleet of landing craft, I understand, cannot cope with the task, and although UK ferry operators were asked to tender for the job they turned it down because they were too busy with non-belligerent trippers.

Pleasant note

I was charmed to read the following rejection slip from a Chinese economic journal, which I am sorry to say compares somewhat favourably with my own more robust product:

"We have read your manuscript with boundless delight. If we were to publish your paper it would be impossible for us to publish any work of a lower standard. And as it is unthinkable that, in the next thousand years, we shall see its equal, we are, to our regret, compelled to return your divine composition, and to beg you a thousand times to overlook our short sight and timidity.

Observer

Alan Pike looks at industry's failure to train in new skills—now and for the future

Britain's antique apprentice system

"One of our member firms have advised us that four of their first year apprentices are having to be placed on the redundancy list. They state that this is no reflection on their ability whatsoever and would gladly supply favourable references for each of these boys. If any member firm finds that they are able to accommodate one or more of these boys to complete their apprenticeship we should be obliged if they would contact . . ."

THIS APPEAL was sent out to member companies by the Engineering Employers Association in Manchester a few days before the national unemployment rate rose above the emotive 2m mark. It illustrates that lads who had considered themselves *among the lucky* ones when they left school last year and succeeded in finding engineering apprenticeships, are no more immune from this scale of *recession than any* other industrial worker.

But it does more than simply point out the personal plight of teenage boys who now face the prospect of joining nearly 7,000 other unemployed young people under the age of 18 in Manchester. It acts as a depressing reminder than we have been here before.

British manufacturing industry *has been incapable of* taking full advantage of previous economic upturns because of an acute shortage of skilled workers in crucial areas. And in the current recession apprentice intake in Britain is once more falling alarmingly. The disease has been repeatedly diagnosed in surveys and reports, but the patient is again breaking out in spots.

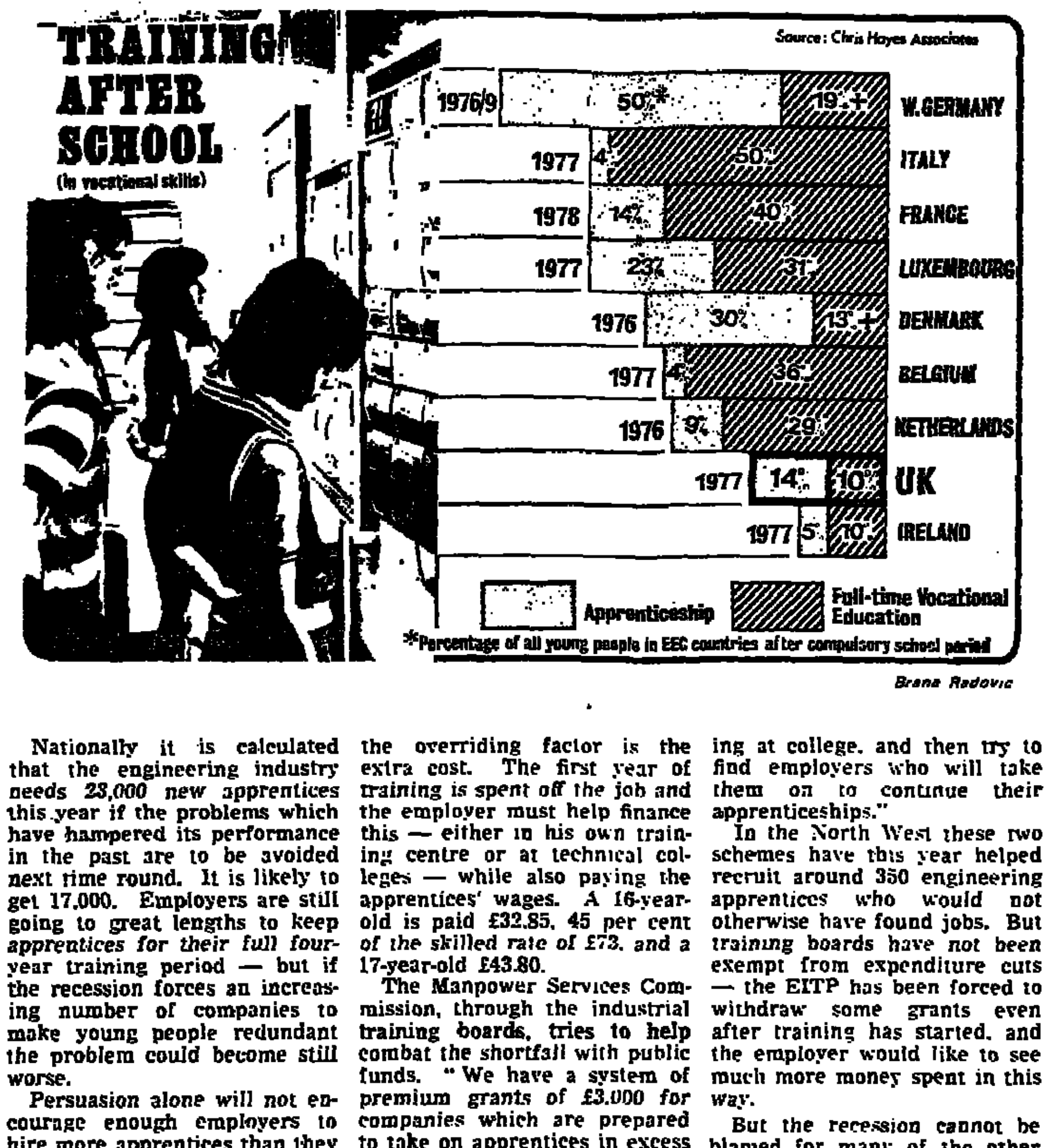
The cure is not *to be found* simply in increasing the number of apprentices. The disease raises fundamental questions about the need for rapid retraining to meet changing industrial needs, the relationship between schools and industry and the training of adults in scarce skills. Above all it underlines again the central question—can Britain's antique apprenticeship system *survive alongside efforts to* regenerate industry?

For, although the available figures may be open to some question, there seems little doubt that Britain has a lower proportion of young people in training as apprentices or in full time vocational training than *any other comparable industrial* country.

West Germany, for example, has nearly four times more apprentices in training. And 40 per cent of French youths receive full time vocational education *after leaving school* compared with only 10 per cent in Britain.

The Engineering Employers' Federation (EEF) is in no doubt about the implications of these figures. "Despite the extreme *economic pressures bearing on* the industry companies must plan for the expected upturn," says Mr. Anthony Frodsham, the director-general. "Cutting back recruitment now will mean severe skill shortages in 1984. That will diminish our ability to take advantage of the opportunities which we confidently *expect to be available by then.*"

Cutting back is, nonetheless, *taking place on a substantial* scale. In Manchester for instance the number of apprentices taken on this year is 40 per cent down on last year. *Figures like this can fluctuate* considerably from locality to locality: towns dominated by companies engaged in defence and aerospace work, for example, have been less affected by the recession and a few *employers have actually* increased their intake.



Brana Radovic

Nationally it is calculated that the engineering industry *needs 23,000 new apprentices* this year if the problems which have hampered its performance in the past are to be avoided next time round. It is likely to get 17,000. Employers are still going to great lengths to keep *apprentices for their full four-*year training period — but if the recession forces an increasing number of companies to make young people redundant the problem could become still worse.

*Persuasion alone will not en*courage enough employers to hire more apprentices than they need at a time of economic difficulty in order to maintain an investment in the nation's future. It is, as one Manchester *employer commented, not easy* to justify taking on school leavers when you have just laid off long-serving employees. But the overriding factor is the extra cost. The first year of *training is spent off the job and* the employer must help finance this — either in his own training centre or at technical colleges — while also paying the apprentices' wages. A 16-year-old is paid £32.85, 45 per cent *of the skilled rate of £73, and a* 17-year-old £43.80.

The Manpower Services Commission, through the industrial training boards, tries to help combat the *shortfall* with public funds. "We have a system of *premium grants of £3,000 for companies which are prepared* to take on apprentices in excess of their requirements," says Mr. Gerry McIvor, regional manager *of the Engineering Industry* Training Board (EITP) in Manchester. "Alternatively we have an award scheme where we pay for young people to undertake the first year off the job training at college, and then try to find employers who will take them on to continue their apprenticeships."

In the North West these two schemes have this year helped recruit around 350 engineering apprentices who would not otherwise have found jobs. But *training boards have not been* exempt from expenditure cuts — the EITP has been forced to withdraw some grants even after training has started, and the employer would like to see much more money spent in this *way*.

But the recession cannot be blamed for many of the other problems which affect training in British manufacturing industry. In Britain 44 per cent of young people finishing school *at the statutory leaving age* start work with no apprenticeship or other full-time vocational education. The comparable proportion in Germany is between 6 and 9 per cent, in France 19 per cent and Italy 23 per cent.

Britain, a Manpower Services Commission (MSC) review body on training concluded last month, does "not provide the same scale and range of opportunities for training young people as do many of our Western European and North American competitors, who appear to take a broader view of the advantages of systematic formal vocational preparation."

With the exception of the Irish Republic, Britain has "the lowest proportion of apprentices in the working population *among those countries* in which apprenticeship is the main method of training skilled workers."

The shortcomings of British industrial training are acknowledged within industry. In a *submission* to the House of Commons Employment Committee last month the EEF declared candidly: "The industry's rigid skill structure prevents *it from* responding quickly to change. Craft training is an area in which the entrenched position of both trade unions and employers *tend to* obstruct training to meet industry's needs."

Contrary *to some popular* folklore these problems do not stem primarily from the apprentices themselves, in spite of difficulties which have existed *in the relationship between* education and industry.

Employers, for example, tend to be unaccustomed to new methods of mathematics teaching. *The typical classroom is* much more metricated than many British factories, and companies sometimes wish teachers would do more to encourage able youngsters to pursue their further education while working as *engineering* technicians rather than regarding university as the only goal. But in places like Manchester the Engineering Employers Association and the local education authorities *have* established a close dialogue, and many of these basic difficulties are being ironed out.

The fundamental problem is rather that industrial training in Britain has traditionally been based upon serving an apprenticeship for a specific *period of time*. MSC policy is that it should be changed and based, henceforth, upon the amount of time each individual requires to attain particular standards. Many manpower specialists believe that the only *word to describe such a change* would be "revolution."

After their first year at college young engineering apprentices are required to complete at least two modules of specialist training—determined *by their own interests* and the needs of their employer—to qualify for the Certificate of Craftsmanship. At present the entire process takes four years, although there is a serious problem of large numbers of initial entrants failing to complete the training process.

The engineering module system is well suited to the training-to-standards approach *and two years ago the industry's* training board — on which employer, trade union and educational interests are represented—produced its ill-starred *Information Paper 49, proposing* the end of time-served apprenticeships in the industry. Apprentices would in future become full craftsmen when *they had completed initial* training plus two modules which, in the case of exceptionally able recruits, could be after about two years.

Lord Scanlon, chairman of the training board and at the time president of the Amalgamated Union of Engineering Workers as well, used his substantial energy and persuasive skills to try to convince the industry that the change should be made. The failure has so far been total.

Many employers took fright at the prospect of having to *pay adult wages to 18-year-olds* —although the training board stressed that the two-year-trained craftsman would be exceptional. Hugh Scanlon's own members proved unable to contemplate such radical change in an area which goes to the heart of the ancient rivalries between craft and general workers unions.

Training to standards would have done more than speed up the supply of apprentices. It would have constructed a basis on which, by taking further modules later in their career, engineering craftsmen could quickly and flexibly adapt to changing technological needs. It would also have opened up the possibility of initial training later in life. At the moment adults trained in Government Skillcentres, for example, are unwelcome in most of the engineering industry because they are not time-served apprentices. Training to standards rather than time would *challenge this philosophy*.

The EEF and the Confederation of Shipbuilding and Engineering Unions are now again discussing the problems of craft training and *skill* shortages in their industry. Their *agenda*—covering issues like apprentice intake, employment of Skillcentre and other adult trainees, careers advice for school leavers, greater *efforts to encourage female* trainees and flexibility of skilled workers—*provides* an excellent summary of the problem.

If British manufacturing industry is to avoid yet again *being handicapped by man*power difficulties some of the solutions must be in place quite soon. The evidence of the past suggests that the future *should not depend upon it*.

Letters to the Editor

The squeeze on profits

From the Chairman, Clough Mill

Sir,—*Your leader* last Saturday, "The squeeze on profits," clearly highlights the problems facing industry and points to the bizarre situation where the Government has been responsible for a massive shift of GDP to the wage earners, mainly at the expense of industrial profits. Unfortunately no constructive suggestions came out to help the authorities to be *less indecisive*.

What I feel would provide an immediate relief to hard pressed industry is an announcement that redundancy payments will be financed as to 100 per cent from the redundancy *fund*. A further important shift of the burden would result from a reduction in rates payable on industrial property as was done in the 1930s.

Such simple measures would *provide a stimulus* to the confidence industry so badly needs.

Ivo Fuchs.
Clough Mill, Shaw, Lancs.

Textile wages

From the chairman, Ladies Pride Group

Sir,—The survey of the textile industry by the low pay unit (August 18) should have shown that *while some* areas may be paying low wages, this is not the case in, for instance, Leicester where they have been consistently high for many years and were within *my memory* the highest paid to female workers in Britain.

This should demonstrate that employers do not wish to pay workers less than the going rate. The fact of life which should surely be apparent to anyone examining the situation is that British workers and managements are engaged in a battle for the survival of jobs and companies with *those* areas in the world where total labour costs are less than the social wage in the UK.

In the knitwear industry there is no trade union rate for any job and the wage paid, very often within a *piece-rate system*, can vary widely from firm to firm. It *follows*, therefore, that any trade union negotiated *increase* is merely an arbitrary figure added without reason or fairness to the existing pay packet, no matter how inflated that pay packet may already be. Clearly when the *amount which* can be paid in wage costs must be carefully *weighed, it* is much better that the *discretion* as to *how it is paid* and to whom should be left to the particular *manufacturer* and not bull-dozed through in the customary *manner* by an insensitive national agreement.

From the point of view of the employee it is sad but true that steep increases in pay will simply expedite British *textile* workers to the dole queue. I do not believe that *they want* this; indeed there must be many other UK workers *at* present unemployed who feel betrayed *by aggressive trade* union blackmail of employers for wages *beyond* the ability of the market to pay.

There might be some validity in the arguments put *forward* by the low pay unit if profits in the British textile *industry* were unreasonably high; in fact while I am happy that my own group enjoys high profitability and seeks to reward its workers accordingly, average profits in the textile industry are pathetic and in many cases already non-existent.

Whole clothing industries have already vanished in some *of the EEC countries where* wage rates in the past have been higher than those current in Britain.

Protection would serve to delay the run-down of the British textile industry but *only* by *subsidising* basic material and energy costs can we be helped in our battle in overseas markets.

To suggest that the design and *quality of British products* is in general less good than that of overseas producers implies a presumption which I challenge the writer of the study to substantiate. My own company's experience is quite to the contrary.

F. A. Robson,
Ladies Pride Group,
St. Saviours Road,
Leicester

Concordat needed

From Mr. W. Heymanson

Sir,—*It is to be hoped that* at the impending meeting of the Prime Minister and the trade union leaders both sides will be prepared to "talk turkey" and *a concordat achieved*.

In this country or behind the Iron Curtain, Government by consent is the only practical policy.

A credibility gap *is widening* on the Government's policy; *industrial attrition at a certain* point will destroy industries essential for our national defence.

When one talks about "asset value" in a business, people are the supreme asset, the team made up of managers, foremen, chargehands, and general workforce; when these teams are dispersed it is an incalculable erosion.

Having said this I believe there is too much "wringing of hands" about hoplessness *and* hardship of the young unemployed, and misplaced sympathy about them having to take uncongenial, monotonous jobs. The career inspiration of Ramsey *McDonald came from* Samuel Smiles' "Self Help"—*it might* be *a* good investment to give every school leaver a copy of this book!

Some older people who pick up not insubstantial redundancy pay and who have entrepreneurial stamina will transform crisis into *opportunity and* achievement.

W. *Dennis* Heymanson.
Activist Investments,
The Manor House,
Middleton-on-Sea, Sussex.

Power from the wind

From Mr. J. Nichols

Sir,—I feel that Mr. B. Wood (August 29) was right to ask if the "authorities . . . knew that they were heading for another predictable fiasco" but I would like to tell him that not all windmills get *blown down when* left unattended. My windmill *was built in 1749 and* still stands on its original post and is held up by its original crown tree, side girts and corner posts.

The lesson I draw from this is that wind generators fail when high technology is applied on too large a scale, but will *succeed if applied modestly*.

Somewhere between Holton's 20 KVA and 231 years, and some 3 MW wonder which lasts until the first day the wind does really blow, must lie the answer.

One hurdle the authorities must get over is the whimsical idea of feeding the grid from wind generators. The Central Electricity Generating Board will never be able to get down to a workable scale of wind *generation* so long as it talks of batteries of 10,000 windmills producing the equivalent power of one fossil fuelled generating station to feed the grid.

I suggest that a healthier *approach for them would* be to look at the hideous network of pylons, transformers and substations that encumber the rural areas of Britain because the *CEGB 500 MW station is 30* miles away.

I feel, as Mr. Woods does, that a fiasco is inevitable, but make the above suggestion in the hope that it may encourage some technician somewhere to "*think* small."

J. W. L. Nichols.
Mill House,
Holton St. Peter,
Halesworth,
Suffolk.

Own-share buying

From Lord Camoys

Sir,—I would like to add a few comments on companies buying their own shares to those made by Mr. Ian Fraser in his letter of August 6, which set out some excellent arguments for persuading the Goverment to legislate during the next session of Parliament. There are, however, one or two advantages which were not mentioned in his letter and are of considerable significance, advantages that will meet the demands of many companies, particularly small companies.

Mr. Fraser says that Professor Gower lists "a few minor advantages of a change in the law in regard to private companies." These advantages would not be minor; on the contrary they would have far reaching beneficial effects.

The approach *should be to* isolate the situations that are *of most concern to a private* company (particularly family companies). There seem to be three "key" situations. Where a shareholder dies and there is no capital transfer tax saving scheme; where there is a "locked in" minority who want cash e.g. most commonly the third or *subsequent generation* of an extended family not all *of whom* can enjoy the benefits of actually working for the company; and where a company would like to bring in an institution of some kind as a shareholder. Both parties are concerned that the institution will be "locked in." This prevents investment in private companies *and* results in a *shortage* of finance.

How would the Green Paper's suggestions help in these circumstances? The issue of redeemable equity shares is clearly not relevant; by Professor Gower's own admission "it is not what private companies really seek." The extension of the exception to Section *54 of the 1948 Companies Act*, whereby companies can fund trusts set up to hold shares for *the benefit of employees*, to allow companies to buy back shares issued under an employee share scheme is encompassed in the general concept of *re-purchase*. *As a suggestion* on its own, it is laudable in that it will give a boost to employee participation. The heart of the matter lies in Possibility C of the Green Paper whereby companies could simply buy *back their shares*, and it is the only suggestion that has any relevance to the key situations.

The ability to re-purchase seems the obvious solution, and such shares should necessarily be cancelled. Professor Gower *states that* they *should* be cancelled and that "there is no case for courting the accounting and the problems which dealings in treasury shares *would involve*." This seems a weak argument; reminiscent indeed of the very negativity of which the Professor accuses the Jenkins Comittee. Furthermore, there is no reason why companies should not only use their accumulated profits to buy back the shares but also that the question of borrowing to do so should be thoroughly examined.

The effect would be to *ease* the problems brought about by capital taxation, to encourage employee participation, and to help "locked in" minorities. Above all, companies could plan further into the future and *a policy of "keeping what you* have got" that prevails in many *a family company* could be replaced by expansionist ideas as capital expenditure would be encouraged.

Mr. Fraser's letter admirably covers the advantages that would occur to public companies except that he surprisingly fails to mention the impetus it would give to "*privatisation*."

There is no question that there are many small quoted companies whose circumstances have so changed that it is a positive *disadvantage* that they remain public. A positive disadvantage to both the large family shareholders that often control them and the other shareholders who are effectively "locked in" by the very *low share price*.

Professor Gower sees the main advantage of the proposal to allow public companies to re-purchase and cancel their shares as being the ability to "go public" without a Stock *Exchange listing. An equally* important advantage is the ability to rid the company of the listing.

Privatisation will be especially useful where younger generations of a particular family with a substantial holding have begun to run the company. *If it remains* a public concern too much of their in*centive has gone, and too much* time is wasted on the formalities that are quite rightly required of public companies.

If the emphasis of this letter has been on the private company and the small public company it is because these are at the centre of any attempt to re*juvenate the economy*. *There* is a great need for reform and there are many companies which would be able to use such reform to considerable advantage. We must hope that the Secretary of State for Trade sees fit to take a radical line.

Camoys.
Dashwood House,
69 Old Broad Street,
EC2.

Today's Events

UK: Mr. James Callaghan, Labour leader, speaks at Trades Union Congress annual conference, Brighton (to September 5).

Association of Chief Police Officers' annual meeting opens, Preston (to September 4).

British Association for the Advancement of Science meeting continues, Manchester (to September 5).

Mr. Husni Mubarak, Vice-President of Egypt, continues *official* visit to UK.

Mr. Christopher Preston, Department of Trade assistant secretary, speaks on China—the False Dawn, at International Advertising Association lunch, *London*.

Countess Mountbatten attends naming ceremony for two locomotives in honour of Lord Mountbatten, Waterloo Station.

Final day of Cornhill Insurance Centenary Test cricket match, England v. Australia, Lord's.

International Carpet Fair *opens, Harrogate (to September 5)*.

European Open Golf Championship qualifying tournament, Walton Heath.

Professional Sound Recording Equipment Exhibition opens, West Centre Hotel, SW6 (to September 4).

Overseas: Mr. Sol Linowitz, President Carter's special Middle East envoy, has final day of talks with Mr. Menahem Begin, Israeli Prime Minister, on Palestinian autonomy.

International Trade Fair, Leipzig, continues.

OFFICIAL STATISTICS

Treasury publishes UK official reserves for August. Bank of England gives details of capital issues and redemptions during the month of August.

COMPANY RESULTS

Final dividends: Diploma, Rowland Gaunt. Interim dividends: House of Fraser, Macfarlane Group (Clansman). Provident Financial Group. Trade Indemnity. Interim figures: James Beattie.

COMPANY MEETINGS

Great Portland Estates, Cafe Royal, 68 Regent Street, W, 12. R. *Kelvin Watson, Alma Lodge* Hotel, Buxton Road, Stockport, Cheshire, 12. Wheeler's Restaurants, Sheridan Hotel, 64, King's Road, Brighton, 12.

Margins rise as Linfood beats forecast at £10.2m

AGAINST a forecast of not less than £9.5m, made at the time of last April's rights issue, **Linfood Holdings** reports a pre-tax profit of £10.21m for the year to April 26, 1980, an increase of £2.66m over the corresponding period.

At halfway, when profits were £2.13m higher at £5.08m, the directors, of this wholesale, cash *and carry and retail distribution* company, said priority would be given to containing second half costs.

They now report that during the year trading margins improved from 1.29 per cent to 1.5 per cent and net margins from 0.91 per cent to 1.07 per cent.

Main efforts in the current year will be directed at maintaining these improved margins, they add.

Basic yearly earnings per 25p share moved ahead from 18p to 23.1p and, as foreshadowed, the final dividend is 7.5p net for an 11p (9.75p) total.

For the 12 months, turnover increased from £831.5m to £950.64m and trading profits advanced *from £10.77m to* £14.26m. Taxable profits were struck after interest of £1.21m (£1.11m) on the convertible unsecured loan stock and £2.84m (*£2.11m*) on bank and other borrowings.

After tax of £2.05m against £1.56m, the net profit balance finished ahead *from* £5.99m to £8.16m. Minority profits totalled £350,000 (£86,000) and the attributable balance emerged at £7.81m compared with £5.62m, which was after an extraordinary debit of £283,000.

Total dividends absorbed £4.49m compared with £3.29m, leaving retained earnings for the period carried forward to reserves some £1m higher at £3.32m.

At April 26, net tangible assets per share stood at 120p (110p). In April last year a revaluation of the majority of the group's properties was undertaken revealing a surplus of £17m. If this surplus had been incorporated, the net tangible assets per share at April 26, 1980 would have been 172p.

	1979-80 £000	1978-79 £000
Sales	950,635	831,498
Trading profit	14,256	10,765
Interest—Conv. Uns. Ln. Stk.	2,836	2,107
Interest—bank borrowings, etc.	2,836	2,107
Pre-tax profit	10,211	7,553
Tax	2,052	1,560
Profit after tax	8,159	5,993
Minority profits	350	86
Extraord. debit	—	283
Attributable	7,809	5,624
Interim dividend	1,188	1,010
Final	3,304	2,276
Retained	3,317	2,338

The annual meeting of the company will be held at Winchester House, E.C., on October 28 at noon.

Lex, Back Page

HIGHLIGHTS

Lex looks at the U.S. accounting standard FAS 8 dealing with foreign currency translation which is due to be replaced following the publication of a new exposure draft. The giant Japanese electrical group **Matsushita** makes the largest ever equity offer in Japan, possibly in the order of US$200m. At home the food retailing group **Linfood** produces a profits rise of a third to £10.2m although the second half appears to have been a lot tougher. Finally Lex considers the latest news from Coral, the UK leisure group.

Apex Properties improves to £0.69m

On turnover £40,180 higher at £1.03m, taxable profits of Apex Properties during the year to March 31, 1980, advanced from £528,086 to £691,094. In addition to the surplus, the directors say extraordinary items amounting to £54,817 have been credited to the capital reserve account.

At the end of the previous financial year the board anticipated a moderate increase in profits this time, mainly due to the disposal of two blocks of flats which were not contributing to group profits, and rent reviews on shop properties in Sloane Street which had been satisfactorily completed.

A final dividend of 1.3p is being recommended, which raises the total from 1.6p to 2p net.

After a tax charge of £336,598 (£275,055) earnings per 10p share are given as 3.29p (2.35p).

First Talisman supported by loans from directors

Results of First Talisman Investment Co. for 1978 reveal a pre-tax loss of £48,170, compared with a £20,837 deficit in the previous year. Loss per 25p share is stated as 2.19p, compared with 0.95p.

The directors have made unsecured interest-free loans to the company to enable it to repay the bank overdraft and meet its liabilities as they fall due.

In their report, the auditors note that the board explains that the accounts have been prepared on a going concern basis as the directors are continuing their support of the company.

Mr. P. M. B. Rowland resigned his directorship on August 29 and his holding of 100,000 shares has been acquired equally by the four remaining directors.

The holdings of shares are now: Mr. E. D. L. du Cann, chairman with 281,000 (12.77 per cent); Mr. O. A. A. Aisher, *125,000 (5.68 per cent); Mr. G.* Jackson, 125,000; and Mr. D. A. Wickins, 125,000.

Mixed outlook for Vibroplant

ALTHOUGH FURTHER effort, economies and the future contri*bution from the newly-opened* depots in Aberdeen and Barrow in Furness will give support to the performance of **Vibroplant Holdings**, plant hire group, during the current year, the Board cannot be optimistic in forecasting next year's results, Mr. R. Clinning, the chairman, tells members in his annual statement.

Turnover for the year ended March 31, 1980, rose from £11.16m to £14.09m and pre-tax profits reached £3.82m (£3.18m) as reported August 19. The net dividend total is being lifted from 12.403p to 14.525p per share.

During the 1979-80 year, the acquisition of the West Brom*wich premises was finalised and* after completion of the refurbishing programme, this depot is now providing full support for the group's operations in the Birmingham and South Midlands area.

A new division, Shorpak Trench Systems, which supplies hydraulic trench shoring equipment to the civil engineering industry, became operational in January, 1980, and although still in its infancy, the future potential looks very promising, Mr. Clinning states.

At the year end, total shareholders' funds were up from £8.29m to £10.57m.

Meeting, Leeds, September 22, 1 pm.

Midland Bank's chairman Sir David Barran pictured in the Midland Bank International's new dealing room at Suffolk House, Laurence Pountney Hill, which he formally opened yesterday. The room, containing many new features both in design and in communications technology, is one of the largest in the City of London occupying one whole floor with 68 dealing positions. It will enable Midland to cope with the ever-increasing demands placed upon it for foreign currency business throughout the world.

Whitworth Electric advances

FOLLOWING the modest improvement from £164,019 to £169,379 in the first six months, pre-tax profits of **Whitworth Electric (Holdings)** moved sharply ahead to reach £613,839 for the year ended March 31, 1980, an increase of £207,492 over last time.

Tax credits dropped from £37,177 to £3,901 and earnings per 5p share came out at 15.6p (11.2p). The net dividend is being raised from 1.05p to 1.3125p per share.

The group operates as a wholesale electrical distributor.

William Nash

Profits of William Nash, the specialist papers maker, fell in the half year to July 2, 1980, from £207,000 to £127,000 on increased turnover of £6.42m, compared with £5.64m.

The directors say demand during the period kept up reasonably well but tight margins and other adverse factors reduced the profit.

There was again no tax charge for the six months. The interim dividend remained unchanged at 5.5p net. The company has "close" status.

I. & J. Hyman falls to £0.64m halfway but maintains interim

TAXABLE profits of I. and J. Hyman, plastic foam converter and manufacturer, fell in the six *months to June 28 last from* £967,867 to £642,434. The surplus was struck after depreciation of £272,370, against £230,253, and an almost doubled interest charge of £256,229, compared with £130,156.

The directors say that the company has continued to retain its share of a reducing market but over-capacity in the industry has inevitably resulted in a narrowing of profit margins which, together with the high cost of finance and certain other overheads, has reduced the pre-tax profit.

Every effort, they say, is being made to combat the problems by completing the company's programme of rationalisation and maintaining its drive into new markets both at home and abroad. The results of these actions, the directors add, may start to reflect in the last quarter of the financial year.

After a reduced tax charge for the half year, down from £503,186 to £338,016, earnings per 5p share are given as 1.51p, compared with 2.1p. The interim dividend for the period is a same-again 0.4136p net. Last time a total of 1.25p was paid from pre-tax profits of £1.83m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Apex Properties	1.3	Oct. 22	1.1	2	1.6
Claverhouse Inv. Tst. int.	2.25	Sept. 29	2.25	—	5.95
Elec. & Industrial int.	1.07	Jan. 6	1.07	—	3.75
Excalibur Jewellery	0.63	Oct. 22	0.83	1.19	1.12
I. and J. Hyman int.	0.41	—	0.41	—	1.25
Linfood	7.5†	Oct. 29	6.75	11	9.75
Scottish Eastn. Inv. int.	1.5	Oct. 27	1.5‡	—§	3.2‡
Whitworth Electric	1.31	—	1.05	1.31	1.05

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Included special dividend of 0.35p. § Maintained 1.7p final forecast.

£34,000 losses at Wilson Peck

Pre-tax losses at Wilson Peck, retail music dealer, reduced from £51,582 to £34,318 for the year ended March 31, 1980, on higher turnover of £454,733, against £353,675.

But after a lower tax credit of £1,048 (£23,447) losses were up at £33,270, compared with £28,135. Including last time proceeds of £113,219 from the sale of a subsidiary, there was a net surplus of £85,084.

Stated loss per 25p *share* increased from 2.86p to 3.05p and again no dividend is being recommended — the last payment was in 1973.

Rising costs hit Miller Rayner

An increase in half-yearly turnover from £2.29m to £2.62m for *Miller, Rayner* and Haysom, industrial clothing maker, was offset by steep rises in costs, which left pre-tax profits lower at £126,751 for the period to *April 30, 1980, against £133,858* last time.

The directors' policy is to maintain, as far as possible, full production but they point out that this will lead to pressure on margins. However, it is expected that first-half profits will be at least maintained.

In the last full year, taxable profits totalled £280,842.

Earnings per share dropped from 3.25p to 2.67p for the half year. Tax charge was £68,917 (£69,606) and there were minorities of £20,235 (£22,787).

The ultimate holding company is Practical Uniform Company with a 61.2 per cent equity interest. The associate, H. Sedgwick holds a further 38.1 per cent.

SPAIN

August 29	Price %	+ or −
Banco Bilbao	225	−1
Banco Central	252	
Banco Exterior	208	
Banco Hispano	223	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	−3
Banco Urquijo	140	−1
Banco Vizcaya	236	
Banco Zaragoza	215	
Dragados	109	−3
Espanola Zinc	73	+1
Fecsa	62.70	+0.20
Gal. Preciados	33	+1.50
Hidrola	67	−0.20
Iberduero	64.50	+0.50
Petroleos	108	
Petroliber	87	
Sogefisa	107	
Telefonica	61	−1
Union Elect.	68.50	−0.80

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—House of Fraser, Macfarlane (Clansman), Provident Financial, Trade Indemnity.

Finals—Diploma, Roland Gauer.

FUTURE DATES

Interims—	
City and Commercial Trust	Sept. 3
Cosalt	†Sept. 10
Danish Bacon	Sept. 9
Jones (A. A.) and Shipman	Sept. 10
Pearson Longman	Sept. 9
Rosedimond Investment Tst.	Sept. 11
Tronoh Mines Malaysia	Sept. 3
Finals—	
Clark (Matthew)	Sept. 8
Emess Lighting	Sept. 22
F. & C. Eurotrust	Sept. 9
Harrisons Malaysian Estates	Sept. 10
Palmerston Investment Tst.	Sept. 3

† Amended.

Yorkshire-General bonus rise

A SUBSTANTIAL increase in terminal bonus rates as from September 1, 1980, is announced by the **Yorkshire-General Life Assurance Company**, the life company arm of the General Accident group. These bonuses are paid when a life policy *becomes a claim* by death or maturity, or when the pension commences under a pension contract and have been increased by 20 per cent in all cases.

Thus, for life and endowment policies, the rate is lifted from £10 to £12 per £1,000 of sums assured and reversionary bonuses for each complete year in force, except the first three, up to a *maximum of 30 years. On* pension contracts, the rate is improved from 12½ per cent to 15 per cent of all attaching bonuses.

Mr. Norman Graham, the general manager and actuary of the company, said that this latest increase in terminal bonus reflected the underlying strength of the investments in both life and pension funds. The competitive position of the company's contracts, particularly the self-employed pension plans, would be further enhanced.

The company continuously reviews its terminal bonus rates, the previous increase being made exactly 12 months ago on September 1, 1979. Terminal bonuses tend to reflect the underlying capital appreciation of the life fund. The company declares its main reversionary bonuses on a two-yearly basis—the next declaration being for the two year period ending December 31, 1980.

Haynes Publishing results to fall short of forecasts

BY TERRY GARRETT

FULL YEAR figures from Haynes Publishing will fall short of the directors' estimates made when the company went public last November.

In an unusual offer for sale by tender undrewritten by merchant bankers Singer and Friedlander Haynes' directors anticipated that sales would fall "within the range of £5.1m to £5.45m." Profits would be "not less than £870,000" on the lower turnover estimate and "not less than £1.1m" on the higher figure.

Mr. Frank Day, chief executive of Haynes' UK operations, publishing workshop manuals for cars and motorcycles, said yesterday that the company was likely to report pre-tax profits below the £797,000 of the previous 12 months.

Haynes is due to reports its full year figures for the year to May 31 within the next two weeks.

Problems started to develop in March when retailers started a heavy round of destocking in response to their own sluggish sales. The shortfall on the number of manuals sold was around 200,000, Mr. Day estimated.

Mr. John Haynes, the company's founder talking from California last night where he is working to develop the company's *inroads into the lucrative* U.S. market, said that the final quarter in the UK was usually *the best of the year but retailer* destocking was the most severe he had seen and the final three months turned out "lousy." *There was however, "no question* of the dividend not being met."

Apart from retailers' destocking the strength of sterling on exports and the impact of an NGA industrial dispute which lost output to the tune of about 150,000 manuals were cited as reasons for the profits shortfall.

Mr. Day said that the setback in the final quarter of the last financial year was a "temporary hiccough," the group is currently working above budget. Mr. *Haynes said volume* was up 20-25 per cent on last year.

The shares were originally offered to the public at a minimum price of 95p each and the striking price, following the tender, was put by Singer and Friendlander at 120p. Yesterday the shares fell back 14p to 138p. The high for the year was 170p.

Singer and Friedlander's other recent *new* issue, Peerless, which came to the market last May warned last week that it would be unlikely to match the profits of the previous 12 months in the current year. Peerless reported *profits last Friday of £3.8m*—bang on target with the prospectus forecast which was made after the year end but the current year has been hit by the recession.

Peerless' shares were offered to the public at 100p each. The issue was heavily oversubscribed but the share price has subse*quently fallen back and yester*day eased another 1p to 72p.

EIS ahead 17% in first six months

PROFITS BEFORE tax of Electrical and Industrial Securities improved from £901,800 to *£1.06m in the first half of 1980* and despite economic uncertainties, Mr. M. Q. Walters, *chairman, expects second-half* results to be about the same as those now reported.

The interim dividend is maintained at 1.072p net per share as it is group policy to consider any increases in dividend in the light of results for the year as a whole, Mr. Walters states. Last year a final of 2.678p was recommended when pre-tax profits totalled £1.92m.

Tax charge for the half year amounts to £144,400 (£343,700 *adjusted) giving net earnings* per 25p share of 8.324p, against 5.06p. Gross earnings per share *are stated as 9.649p, compared* with 8.213p.

Turnover was up 33 per cent from £11.67m to £15.67m. Dividends again absorb £123,500 and £790,300 (£434,600) is retained.

The chairman says there has been some narrowing of margins but the Board has been selective about the business taken and the *total order book at the end of* June was in excess of £23m. Tight control of working capital has *continued and an adequate level* of liquidity maintained.

Mr. Walters says that so far *this year employees* have agreed annual wage settlements which have helped the companies to *stay competitive.* This has enabled the group generally to maintain employment and even engage more people in some areas.

"We continue to invest in new plant and machinery whenever we are satisfied that we can get competitive manning levels and working practices," the chairman adds.

Although operating in a depressed and highly competitive market, Hick Hargreaves worked hard to attain a reasonable level of business and turnover and profits have come close to budget.

A relaxation of financial restrictions in some of the countries to which Finch Watson exports enabled it to improve its *performance and make a* useful contribution to the Group. Zwicky Engineering traded satis*factorily and both turnover* and profit were ahead of budget.

With the completion of the *expansion of the Grantham plant* and uninterrupted working, Kontak's output and profitability *is improving again, and should* continue to do so through the rest of this year.

Kontak has maintained *a good* order book for both jet engine components and hydraulic valves *and its exports of the latter* increased materially over the first six months of the year.

The world demand for commercial aircraft has moderated as the increased costs and reduction in air traffic, accompanying the recession in many countries, has slowed down the expansion *and re-equipment programmes of* the airlines.

This has affected the C. F. *Taylor (Metalworkers) order book for galleys but an increas*ing proportion of its business is for other aircraft structural components and its performance was in line with the budget, the chairman states.

C. F. Taylor (Hurn), which is mainly engaged in the manufacture of aircraft engine cowlings, wing flaps and similar components, achieved turnover and profits for the six months well ahead of budget. It has been successful in recruiting some of the additional labour needed to meet *a healthy order book.*

● comment

Although pre-tax margins have dropped by 1½ points since year-end. EIS continues to record steady profits growth. Because of the absence of redundancy *charges the Hick Hargreaves* process plant business has scored a significant recovery; this sub*sidiary may have contributed* £¼m in the first half of 1980 against about £100,000 last time. Meanwhile the Kontak division has been free of industrial trouble, thus helping its earnings picture. General aerospace work —ranging from the construction of kitchens for airliners to the manufacture of flaps for NATO *airborne radar planes — now* accounts for around 40 per cent of group turnover and around *30 per cent of group pre-tax* profits. In the smaller world of footwear machinery the *group's Finch Watson business* has also improved, partly because of advances in obtaining payments from *abroad. Finally,* the company's ability to keep wage settlements within the range of 9 to 15 per cent has helped keep a lid on costs. If the group makes around £2.1m in the full year, its p/e could be 8.3 on a full tax charge, which seems to place a fair value on the shares at 77p. If the directors decide to increase the total net dividend by 10 per cent (the interim is maintained), then a reasonable yield of 7.8 per cent could be in view.

Scottish Eastern at £3.2m

Revenue of Scottish Eastern Investment Trust rose from £2.52m to £3.18m in the half-year ended July 31, 1980 before tax of £1.15m against £938,000. Last year's pre-tax revenue totalled £5.69m.

First half earnings improved *from 1.46p to 1.89p per 25p* share. An interim dividend of 1.5p is declared—the correspond*ing interim payment was 1.5p* but included a special non-recurring dividend of 0.35p. A *maintained final of 1.7p is now* forecast for the current year.

Net asset value amounted to 96.6p (81p) after prior charges at par and 99.9p (84.1p) at market value.

Total net assets attributable to ordinary shares were £102.02m (£85.57m). Franked investment income for the half-year was £2.29m (£1.78m) and £1.17m (£1m) unfranked.

Ailsa's growth may slow

Ailsa Investment Trust may not be able to maintain its foregoing rate of growth over the next five years unless the present recession is of shorter duration than at present seems likely and is followed by a period of sustained growth and prosperity.

This warning is given by Mr. W. R. Ballantyne, the chairman, in his annual report to share*holders. He adds that the immediate outlook is too uncer*tain for any more predictable forecast to be made.

As announced on August 8, pre-tax revenue for the year to May *31* last advanced from £673,985 to £824,186.

Hillards makes good start to year

THE CURRENT year at Hillards, *north of England supermarket* operator, has started well with turnover much higher than the *corresponding period of* last year, reports Mr. Gordon N. Hunter, chairman in his annual statement.

Increased turnover, new stores and improvements to equipment and organisation all provide good reasons for maintaining the opinion that the group can look forward to further growth, he adds.

As reported on August 4, pre-tax *profits* for the year to April 26, 1980 fell from £2.54m to £2.23m on turnover of £119.43m against £103.76m.

Mr. Hunter describes the year as one of further progress in which *group turnover* again increased and new supermarkets added substantially to the *group's sales area.* However, economic conditions and increased competition contributed *to the trading difficulties which* resulted in the profit decline, particularly in the second six months. In addition higher interest charges adversely affected profits

The planned *expansion* of the group resulted in additions to fixed assets during the year of £7.43m.

Five new supermarkets have been opened at Mickleover, Batley, Huddersfield, Oldham and Selby, adding over 120,000 sq ft to the total selling area of the company. Another supermarket is being built at Idle on the outskirts of Bradford. As a result of population changes or the opening of new stores, one supermarket and five small stores have been closed.

Both the opening costs and the time taken to bring new stores to adequate profitability have *increased* to a greater extent than could reasonably have been anticipated, says the chairman. *However, there is every indica*tion that the new supermarkets will contribute an increasing *proportion of the group's profits* in the next few years.

A specialist department is permanently engaged in the search for and in negotiation for suitable sites for new stores, Mr. Hunter reports.

He says it is not only the new stores which have the latest equipment. Existing stores are continually being improved, and notable improvements have recently been made to the fresh foods and frozen foods departments. In-store bakeries are now being provided. Credit cards known as "Hillards Supercards" have been made available for the convenience of customers.

In the event, trading conditions have made it a particularly difficult time to reorganise the *non-food sections of the group* but current experience indicates the more systematic organisation *of the non-food section will* prove to have been fully justified.

On a CCA basis pre-tax *profits* are shown at £1.99m (£2.34m), after adjustment for deprecia*tion £343,000 (£235,000), cost of* sales £1.24m (£421,000), monetary working capital £1.24m (£421,000), gearing £106,000 (£36,000) and interest £213,000 (£7,000).

The group's AGM will be held at the Post House Hotel, Ossett, on September 26, at 12.30 pm.

Excalibur Jewellery improves

TAXABLE PROFITS of Excalibur Jewellery, manufac*turer of watches and jewellery,* rose from £832,354 to £1.05m, for the year to April 30, 1980. Turn*over was maintained at £5.73m.*

After a tax charge of £566,356, compared with £170,136 last *time, stated earnings per 5p* share were down from 4.6p to 3p. The final net dividend is 0.63p *(0.8258p), making a total of* 1.19p (1.12p).

M. L. Meyer makes £0.6m purchase

AGREEMENT HAS been reached between Montague L. Meyer, timber group, and MacMillan Jardine, a Hong Kong company jointly owned by MacMillan Bloedel of Canada and Jardine Matheson and Co., for Meyer to purchase MacMillan's *sharehold*ings in the three companies jointly owned either directly or *indirectly.*

The interests comprise a 40 per cent holding in MLM (Hong Kong); a 40 per cent holding in Canusa (Hardwood) and 60 per cent in MacMillan Jardine Inter*national.* All three companies are engaged in the worldwide distribution of South-East Asian *timber products. The sum pay*able will be US$1.42m (£600,000) in cash at completion.

Completion will be dependent upon the receipt of consent from the Canadian Government *under the Foreign Investment* Review Act.

BIDS AND DEALS

Reader's Digest offers £2.2m for Bartholomew

THE Reader's Digest Association of London, the magazine and publishing group, has made an agreed offer worth £2.2m for all the shares of John Bartholomew and Son (Edinburgh), the Scottish map and atlas publisher.

The offer, which closes on September 24, is being "warmly" recommended to both shareholders and employees by the Bartholomew Board. It is described by their advisers Singer and Friedlander as a logical step for both companies since Reader's Digest has been one of Bartholomew's major customers for many years.

The Bartholomew group, which was founded in 1826, has worked with Reader's Digest since 1961 in producing the "Reader's Digest Great World Atlas." But the present Bartholomew family directors will all reach normal retiring age within the next ten years and wish to secure the long-term future and character of the business.

The security of Bartholomew employees will in no way be affected, nor will Bartholomew existing relations with both suppliers and customers, a Reader's Digest spokesman said. The idea behind the acquisition is that Reader's Digest will use its world-wide skills and organisation to develop the Bartholomew business at home and abroad.

In the past few years Bartholomew has invested in new machinery and materials at its Edinburgh and Loanhead plants and these are now equipped for increased production. Last year, turnover was £3.25m.

This total also included the T. and T. Clark company, a specialist publisher of theological works which was founded in 1821. Together, Clark and Bartholomew employ 225 people, almost all in the Edinburgh area.

There are at present three Bartholomew family directors. Additional marketing and editorial expertise will be provided by two Reader's Digest directors who will join the Bartholomew board. They are Mr. Thomas Esencourt and Mr. Peter Glemser.

Kuok family looks again at Tanjong bid

The D. Kuok family, which has bid 105p per share—now topped by the 115p offer by Pahang Consolidated — for Tanjong Tin Dredging, was yesterday considering its position.

The Kuok family interests have 25.89 per cent of Tanjong through Tien Ik Enterprises. Pahang has 29.8 per cent.

ARBUTHNOT LATHAM ASIA

Merchant banker Arbuthnot Latham and Philadelphia International Investment Corporation, which currently hold 78.4 per cent and 21.6 per cent respectively of the share capital of Arbuthnot Latham Asia (ALASIA), say that agreement has been reached to increase the share capital of ALASIA from $5m to $6.5m through the subscription by PIIC for new shares.

The shareholding of PIIC, a wholly-owned subsidiary of the Philadelphia National Bank, will thereby increase to 40 per cent with the balance of 60 per cent being held by Arbuthnot Latham.

F. J. LILLEY

Mr. B. M. Lilley has disposed of 800,000 ordinary shares of F. J. C. Lilley, reducing his holding to 308,700 shares—1.66 per cent.

MINSTER ASSETS

Britannia Arrow Holdings has increased its interest in Minster Assets from 2.15m shares (6.29 per cent) to 2.8m shares (8.19 per cent).

SHARE STAKES

Deritend Stamping Co. — Britannic Assurance Co. has an interest in 975,000 shares (18.48 per cent).

Cadbury Schweppes — Sir Rupert W. J. Clark has acquired 21,261 shares in Cadbury Schweppes Australia, a subsidiary.

Triplevest — Merchant Navy Officers Pension Fund holds 325,000 capital shares (5.4 per cent).

Fisons in joint pharmaceutical venture with Japanese company

FISONS LIMITED of London and Fujisawa Pharmaceutical Company Limited of Osaka, Japan, are to establish in early October a joint venture company to be named Fujisawa-Fisons KK, with head offices in Osaka. The joint venture will have an issued capital of Y100m (£200,000) contributed equally by the two parent companies.

Fujisawa, one of Japan's leading pharmaceutical companies with annual sales in excess of Y140,000m (£280m) have been responsible for developing and marketing INTAL, Fisons anti-allergy product, since 1969. The joint venture is a natural progression of the close relationship which has developed between these two major companies over the past decade.

The objectives of the venture are importation, development, production and marketing of pharmaceutical products. But Fujisawa-Fisons KK will initially concentrate on the progressive transfer from Fujisawa of existing sales of Fisons products in GP areas and small-sized hospitals to continue the increasing penetration of the Japanese market.

In practice, the venture will be responsible for promotion and selling and Fujisawa will continue to manufacture and distribute these products on behalf of the venture.

Fisons will provide new pharmaceuticals to the joint venture, including, over the next two to three years, sodium cromoglycate developments for non-asthma indications.

Commenting on the formation of the joint venture, Mr. J. Valentine, a deputy chairman of Fisons Limited and director-in-charge of the Pharmaceutical Division, said: "The potential for Fisons products in Japan is still largely untapped, and there are substantial opportunities for future new products. Already current volume sales of INTAL are second only to the UK and we expect to increase our share of this important market."

PHILIP HILL INVESTMENT

Trustees of the National Coal Board Staff Superannuation Scheme, the Mineworkers' Pension Scheme and the Coal Industry Benevolent Trust together hold 7,764,688 Philip Hill Investment Trust shares, equivalent to 8.05 per cent.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	42	—	62	5	—	—	337p
BP	330	22	4	42	—	54	—	"
BP	360	10	—	29	10	36	—	"
BP	390	4	15	19	—	—	—	"
Com. Union	160	11	8	20	—	27	—	167p
Com. Union	180	4	—	10	2	15	—	"
Cons. Gold	500	50	—	70	15	90	—	522p
Courtaulds	60	5	11	9	5	12	13	60p
Courtaulds	70	2	—	5½	—	8	6	"
Courtaulds	80	1½	52	2½	—	—	—	"
GEC	390	108	3	128	—	—	—	486p
GEC	500	22	14	46	—	66	—	"
GEC	550	6	3	25	3	42	—	"
Grand Met.	140	22	10	30	—	34	—	157p
Grand Met.	160	8½	25	17	—	22	—	"
ICI	330	28	9	40	—	—	—	358p
ICI	360	12	17	24	—	32	—	"
ICI	390	3½	—	13	10	22	—	"
Land Secs.	253	—	—	—	—	—	—	362p
Land Secs.	273	97	—	—	—	—	—	"
Land Secs.	293	78	5	—	—	—	—	"
Land Secs.	323	50	1	61	—	—	—	"
Land Secs.	353	26	5	39	—	—	—	"
Land Secs.	360	—	—	—	—	51	6	"
Land Secs.	390	9	—	21	—	35	—	"
Marks & Sp.	90	13	1	17½	—	21½	—	100p
Marks & Sp.	100	7	5	11½	—	15½	—	"
Marks & Sp.	110	3½	—	7	25	11	55	"
Shell	390	27	1	48	—	62	—	406p
Shell	420	14	36	31	2	44	5	"
Totals			225		77		84	
		November		February		May		
Imperial Gp.	90	2½	—	4½	25	6	—	80p
Lonrho	94	8½	—	15	3	—	—	93p
Lonrho	104	5½	—	9	3	—	—	"
P. & O.	130	10	—	15	1	19	—	130p
Racal Elec.	260	52	9	66	—	—	—	296p
Racal Elec.	280	37	2	52	—	64	—	"
Racal Elec.	300	24	2	40	—	52	—	"
Racal Elec.	330	11	37	26	—	36	—	"
RTZ	420	52	—	65	1	—	—	431p
RTZ	460	23	4	42	—	63	—	"
RTZ	500	8	14	26	—	40	10	"
Totals			68		33		10	

Mr. Frederick Stringer to leave Wadham board

FOLLOWING THE acquisition of Wadham Stringer, the motor distributor, by Tozer Kemsley and Millbourn, the motor distribution and trading group, at the end of last year, the departures were announced yesterday of Mr. Frederick Stringer, executive chairman of Wadham Stringer and Mr. Michael Stringer, managing director of Wadham Stringer.

Tozer Kemsley said yesterday that the resignations were by mutual agreement with its board and that the two would be leaving the group on September 30. Mr. Michael Stringer has resigned his directorship of Tozer Kemsley.

Pearl payments by credit card

POLICYHOLDERS of Pearl Assurance will be able to use Access or Barclaycard to pay their general branch premiums from September 1. The increasing popularity of this form of payment has prompted the company to make the facility available.

Business urged to exploit Greek markets

BRITISH BUSINESSMEN are being urged to seize a golden opportunity to step up exports to Greece which joins the EEC on January 1.

The British Overseas Trade Board said there will be "substantially increased scope" to export to Greece with firms in computers, machinery, machine tools, food processing, mining and hospital equipment particularly likely to benefit from the new trade arrangements.

A half-day conference is to be held at the Confederation of British Industry's headquarters in London in October to explain the opportunities to businessmen.

In 1979, UK exports to Greece were over £270m but this represented only 5.4 per cent of the market, compared with West Germany's 16.2 per cent.

Pain research unit receives £250,000 grant

THE WOLFSON Foundation has donated £250,000 to help develop a pain research unit at Walton Hospital in Liverpool, Europe's largest centre for the treatment of pain.

The unit will be the world's first building wholly devoted to wide-scale research into pain, its consequences and treatment.

The Pain Relief Foundation—a charitable trust—has been set up to further the venture, and a public appeal is to be launched to raise the rest of the money needed.

The first projects to be undertaken by the unit will include an evaluation of the size and incidence of pain in various population categories, such as specified industries.

Motor agents establish rescue service

THE Motor Agents Association has linked with three motorists' aid organisations to set up a "rescue" service for motorists. The association said the scheme would provide assistance and financial aid in the event of breakdown, accident, fire or theft anywhere in Europe for £30 a year, including an enrolment fee of £2.50.

The aid would be given without "ifs or buts," the association said, and would cover private cars, caravans, minibuses and light commercial vehicles regardless of mileage. The only restriction would be that the vehicle must not be more than five years old. But once taken out the cover could be renewed annually until the vehicle was nine years old.

APPOINTMENTS

STOCKBROKERS

FOR INVESTMENT

CONTRACTS AND TENDERS

COMPANY NOTICES

CLUBS

TRAVEL

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property, Businesses for Sale/Wanted	7.00	19.50
Residential Property	5.00	15.00
Appointments	7.00	19.50
Business and Investment Opportunities	8.00	25.00
Personal	5.00	15.00
Motor Cars	5.00	15.00
Hotels and Travel	5.00	15.00
Contracts and Tenders	7.00	19.50
Book Publishers	—	9.50

Premium positions available
(Minimum size 30 column cms)
£2.50 per single column cm extra

For further details write to:
Classified Advertisement Manager
Financial Times, 10, Cannon Street, EC4P 4BY

MINING NEWS

Rise in Canadian gold exploration

BY GEORGE MILLING-STANLEY

HARD ON THE HEELS of recent news of the exploitation of gold properties in the U.S. by **Homestake Mining** and **Texasgulf** comes a spate of similar reports from Canada.

Noranda Mines has reaped the benefit of previous work carried out at the small but high grade gold property at Gordon Lake in the Northwest Territories, and brought the mine to production within six months of starting work.

The property, which is 66 per cent-owned by Toronto's **Discovery Mines**, is on Muir Island, 60 miles north-east of Yellowknife, and has proven ore reserves of 56,000 tons grading a rich 19.25 grammes of gold per ton. The remainder of the equity in the deposit is owned by **Camlaren Mines**, in which Discovery has a stake of two-thirds.

The mill already in existence at the site is being fed from a surface stockpile while underground development work is being completed.

The shaft has been deepened from 850 feet to 1,050 feet, with the mine being developed on the 600 feet, 800 feet and 1,000 feet levels. Noranda said that if sufficient ore is being developed on the lowest level, it will consider deepening the shaft further.

Even higher grades have been reported by **Camflo Mines**, where an initial exploration drill hole on a porphyry gold orebody has intersected a 9½ ft wide strip grading 24 grammes of gold per ton at a depth of 2,250 ft.

Camflo reports that the orebody extends into adjacent property owned by **Malartic Hygrade Gold Mines**, where a 29½ ft width averaged 8 grammes per ton. The properties are near Val d'Or in north-west Quebec. Exploration work is being continued.

Also in north-west Quebec, **Falconbridge Nickel Mines and Corporation Falconbridge Copper** have completed exploratory drilling on a gold orebody in the Opawica region.

Of 41 holes completed, 24 returned average grades of 6.96 grammes per ton in an area almost 300 yards long and just over 250 yards deep. Further detailed underground work to confirm the continuity of the intersections is being considered.

The initial discovery was made by **Opawica Explorations**, from which company the property has been optioned. Falconbridge Nickel, which has a 51 per cent interest in the joint venture, and Corporation Falconbridge Copper, with 49 per cent, may acquire 100 per cent ownership of the deposit, subject to a royalty of 7.5 per cent of the net production proceeds to Opawica.

Another of Canada's leading metals companies, **Inco**, is also involved in the search for gold through its exploration arm *Canadian Nickel*.

This company has started diamond drilling on gold prospects leased from **Queenston Gold Mines** to test both gold intersections obtained previously, and the area west of the original Queenston gold-bearing zone.

The programme will also test two former shafts for possible extensions of the gold orebodies at greater depths.

Metals Ex trebles profit

THE DECISION last June by Australia's **Metals Exploration** to buy out the 50 per cent share of its partner **Freeport Minerals** of the U.S. in the small **Nepean** nickel mine in Western Australia has been vindicated by results for the year to June 30.

Net profits of Metals Ex are more than trebled at A\$2.45m (£1.23m), and the company attributed the bulk of the improvement to the Nepean operation.

Nickel production at Nepean increased by 35 per cent compared with the previous year, and the company also received higher prices.

Other factors affecting Metals Ex were a 53 per cent rise in tin production at Sandy Flat, and higher prices for the metal.

Metals Exploration is to pay a dividend of 3 cents a share from earnings of 10 cents. The company earned 2 cents a share last year and paid no dividend.

The unconsolidated subsidiary *Metals Exploration Queensland* recovered from a loss of A\$9.63m to a profit of A\$4.33m, following a 25 per cent rise in cobalt production from the Greenvale nickel and cobalt joint venture. Cobalt prices remained firm, and the operation also benefited from the increase in nickel prices.

OIL AND GAS NEWS

Another Cooper Basin gas producer

The **Della No. 11** development well drilled in Australia's Cooper Basin and located around 2.5 km north-east of the Della 10 well has flowed at a rate of 10.8m cubic feet of gas a day (mmcfpd) from the Permian Patchawarra formation and has been completed as a gas producer.

The flow rate was recorded over the interval 6,566 to 6,601 feet through a half-inch choke with a surface flowing pressure of 2,000 psi.

Interests in the Della field comprise **Santos**, 35 per cent, **Delhi Petroleum**, the operator with 21 per cent, **South Australian Oil and Gas**, 7 per cent, **Vamgas**, 7 per cent and **Crusader Resources**, 30 per cent.

Santos says that this result extends the Patchawarra gas reserves previously tested in the Della field.

The rig which drilled the Della No. 11 well has now spudded the Curalle No. 1 exploration well in the northern section of the Cooper Basin in ATP 259p in Queensland.

Curalle No. 1 has a programmed target depth of 5,820 feet with a main objective of locating oil in the Jurassic zone.

The well is being drilled on the Yamma Yamma Block and is being funded as to 90 per cent by **Western Mining Corporation** and as to 10 per cent by **Santos**. Western Mining will earn an 18 per cent interest in the Block on completion of the well.

Other interests will be **Santos**, 38 per cent, **Delhi Petroleum**, 28.8 per cent, **Vamgas**, 7.2 per cent, and **Alliance Oil Development Australia**, 8 per cent.

* * *

Hartogen Energy reports that the Kincora No. 22 well has been spudded and is drilling ahead. Kincora 22 is located 460 km south east of the oil producer Kincora 18 and will test the lower Jurassic sands to determine whether the oil reservoir present at Kincora 18 extends to the south east.

Hartogen has a 100 per cent interest in the Kincora field subject to royalties of 10 per cent to the Queensland Government, 3.05 per cent to *International Oil* and 1.6 per cent to **E. B. Noble and Associates**. In addition **Australian Oil and Gas** has a 10 per cent net profit interest.

* * *

Mobil Canada says its Venture D-23 well off the eastern tip of Sable Island, off the Nova Scotia coast, has been drilled to 16,000 feet and three of six gas-bearing zones have been tested, reports **Robert Gibbens from Montreal**.

One yielded gas at a flow rate of 10.2m cubic feet daily, a second flowed 11.6 mmcfpd and a third flowed 22.6 mmcfpd.

The Venture B-13 well is now being drilled to determine the size of the field and will cost around C\$35m.

If the reserves meet the three trillion (million million) cubic feet required for commercial development, the earliest gas could be produced is 1987, Mobil said.

Industry sources now estimate Mobil's proven and probable reserves in the Sable Island area at about two trillion cubic feet. Mobil has drilled 26 wells in the area excluding the B-13.

Drilling started in the early seventies and preliminary engineering work has been done with a view to pipelining the gas to the Nova Scotia coast.

* * *

Colgas Inc. of Dallas, Texas, a subsidiary of the UK-registered **Premier Consolidated Oilfields**, has completed a farmout agreement in Western Australia with **Mesa Australia**.

The latter will drill an exploratory well in October on Permit EP-105 in the Perth Basin to earn a 60 per cent interest in the licence. The well, Warradong No. 1, will test prospects down to and including the top of the Permian.

The permit is south of the Dongara gas field and north of the recent gas discovery by the Strata group at Woodada.

Following the farmout and the sale of a participation to a third party, the Premier Colgas interest will be 30 per cent in the well and the licence.

EUROPEAN OPTIONS EXCHANGE

Series	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C F.320	5	3.30	52	10	—	—	F.309.50
AKZO C F.22.50	4	0.60	60	1.10	70	1.80	F.22.30
AKZO C F.25	—	—	50	0.50	—	—	"
AKZO P F.25	—	—	—	—	20	3.10	"
HEIN C F.60	24	0.80	—	—	—	—	F.54.50
HEIN C F.65	—	—	—	—	20	1.40	"
HEIN P F.55	—	—	1	2.40	—	—	"
HEIN P F.60	2	6	—	—	—	—	"
HOOG C F.15	—	—	67	1.20	—	—	F.14.60
KLM P F.60	10	1.40	—	—	—	—	F.65.60
KLM P F.70	2	6.10	—	—	—	—	"
NAT C F.90.90	1	25	—	—	—	—	F.116.30
NAT C F.104.50	1	12	—	—	—	—	"
NAT C F.109.10	11	8	—	—	—	—	"
NATN C F.120	16	1.10	—	—	11	4.50	"
PHIL C F.17.50	3	0.40	—	—	56	1.30	F.17.20
PHIL P F.17.50	—	—	1	0.90	—	—	"
PHIL P F.20	—	—	—	—	8	3.20	"
OLIE C F.150	27	19.20	—	—	—	—	F.168.80
OLIE C F.160	42	9.40	—	—	—	—	"
OLIE C F.170	180	3.30	39	5.30	3	8.10	"
OLIE C F.180	70	0.70	47	2.10	45	3.90	"
OLIE P F.150	21	0.50	—	—	—	—	"
OLIE P F.160	55	2.30	20	4.20	—	—	"
OLIE P F.170	30	7.70	—	—	—	—	"
UNIL C F.120	—	—	—	—	20	5.30	F.119
UNIL P F.115	20	0.60	—	—	—	—	"
UNIL P F.120	3	2.60	—	—	—	—	"
	Nov.		Feb.		May		
MANN C DM.130	—	—	1	2	—	—	DM121.80
SIEM C DM.280.50	3	3.50	—	—	—	—	DM274.80
VW C DM.180	3	2.20	—	—	—	—	DM173
TOTAL VOLUME IN CONTRACTS					1123		

C=Call P=Put

INTERNATIONAL COMPANIES and FINANCE

FASB EXPOSURE DRAFT

Currency translation re-think

BY BARRY RILEY

CONTROVERSY has surrounded the U.S. currency translation standard FAS 8 since its introduction some five years ago. Multinational companies quickly realised that it would introduce enormous fluctuations into the income statements of groups with substantial international activities.

As it has turned out, the increased volatility of exchange rates has further exaggerated the earnings swing in recent years, and these erratic fluctuations have greatly distorted the quarterly income statements which are the rule for U.S. listed companies.

The group most prominent in the struggle to introduce changes in FAS 8 has been Royal Dutch/Shell, which while not a U.S. company (being jointly based in the UK and the Netherlands) is listed in New York and has a policy of following generally accepted U.S. accounting principles in its main accounts.

At times FAS 8 has made a nonsense of the Shell group's earnings statements. In the first quarter of 1978, for example, currency translation effects entirely wiped out group net income of some £300m. The most recent quarter, April-June 1980, was perhaps more typical with the FAS 8 adjustment adding £90m to underlying net net income of £680m.

A number of factors have contributed to the decision by the Financial Accounting Standards Board (albeit only by the narrow margin of four votes to three) to rethink the whole question of currency translation. In publishing the new exposure draft, the FASB is effectively scrapping FAS 8 and starting again from scratch.

An important reason has been the rise in inflation in the U.S. and the corresponding weakness of the currency on the foreign exchange markets. Whereas FAS 8 was conceived as a system suitable for use when the dollar was strong and stable, its weaknesses have become progressively more obvious in practice—producing problems which groups such as Shell have not been slow to point out.

THE rise in U.S. inflation and the corresponding decline of the dollar have led to the weaknesses of the foreign currency translation accounting standard FAS 8 becoming more obvious, thereby contributing to the effective scrapping of the standard by the Federal Accounting Standards Board

Historical cost principles are rooted very deeply in U.S. accounting traditions, and these have led to some of the peculiarities of FAS 8 — notably that losses on borrowings in strong currencies cannot be offset against corresponding gains on the assets which these loans finance.

U.S. accountants have been reluctant to accept that such assets should be shown at other than their original dollar cost. They have also been very suspicious of proposals (such as those in the new exposure draft) to account for exchange differences through adjustments to reserves rather than taking them through the income account. But they have been forced to accept that in practice their traditional principles have been generating unrealistic results.

Another factor lying behind the downfall of FAS 8 has been the perception that companies have been taking steps to reduce their accounting exposure to FAS 8 in ways which may well be economically harmful. Thus companies have been encouraged to borrow in dollars to finance overseas assets, because this eliminates the chance of damaging earnings fluctuations. But many international groups, setting aside the question of FAS 8, find it preferable to finance assets in local currencies, thus eliminating an unnecessary exchange risk.

Essentially, under FAS 8 the Americans have been attempting to account for foreign operations as though they were integrated parts of a dollar accounting whole. The new approach will treat them as semi-independent offshoots accounting in local currencies. Thus the new system is being presented as a net investment concept.

A further crucial factor bearing on the FAS 8 rethink has been the increase in international pressure for harmonisation of major accounting principles. Currency translation is a natural subject for international co-operation and the UK Accounting Standards Committee has been urgently seeking ways in which the UK and U.S. could come together in this area. During the period of enforcement of FAS 8 the two countries have been far apart in this respect.

It appears that the U.S., Canada and the UK will now be able to harmonise, so long as the new system proposed in the exposure draft gains acceptance in the U.S. British accountants have also had great problems in developing a satisfactory currency translation standard and two past exposure drafts have drifted into obscurity. But international co-operation is now achieving results and the ASC's ED 27 is expected to appear towards the end of this month. The U.S. exposure draft from the FASB promises that the British version will be "similar in all material respects to the Board's proposals set forth in this statement."

Brascan move on mining bid expected today

By Our Toronto Correspondent

BRASCAN, THE holding company for the interests of the Bronfman brothers is expected to announce today its countermove to the rejection by Superior Oil of its bid to buy Superior's shareholdings in McIntyre Mines and Falconbridge Nickel Mines.

At the same time, Superior has shelved, at least for the time being, the plan to merge its wholly-owned Canadian Superior Oil with McIntyre.

Superior regards the terms of the merger "fair and reasonable" for all parties, but feels it would add to the controversy already evident.

Sandoz drops $420m offer for McCormick

BY OUR FINANCIAL STAFF

SANDOZ, the Swiss chemicals and food company, has agreed to drop its much disputed $420m bid for McCormick, the U.S. spice manufacturer, in exchange for McCormick's withdrawal of its pending legislation against Sandoz.

The Swiss company will sell to McCormick all the McCormick shares it owns and has agreed to refrain from attempting to acquire McCormick for five years.

The Sandoz bid, announced last March, followed its purchase at the end of last year of a 4.8 per cent stake in McCormick in the form of 465,000 non-voting shares in the Baltimore-based company.

The bid was ill-received by the U.S. company, which stressed that it wanted to remain independent. Mr. Harry K. Wells, the chairman of McCormick, took "strong exception" to a letter from Dr. Yves Dubant, Sandoz's chairman, which suggested that the Sandoz offer might not get a fair evaluation because all the board of McCormick were company employees. The McCormick camp quickly followed through with preparations for a spate of litigation aimed at driving off the unwanted suitor.

However, yesterday's statement from Sandoz said that the two companies had agreed to explore joint venture opportunities, research agreements and "other business arrangements which may be in mutual interest of both companies."

Hero confident of higher sales and profits

By John Wicks in Zurich

HERO, the Swiss-based foodstuffs concern, expects an improvement in group and holding company results this year. In 1979 the parent undertaking, Hero Conserven Lenzburg, recorded net profits of SwFr 6.4m ($3.88m).

The Swiss companies of the group have shown an overall growth in sales and earnings this year so far, while foreign subsidiaries showed varying results. Sales of the Dutch company were slightly up but profitability was below expectations because of rising costs, while in France turnover targets were reached though sales were not enough for a "lasting improvement" in profits.

DM bond calendar trimmed

By Francis Ghilès

THE CONTINUING increase in U.S. dollar short-term interest rates is severely depressing overseas interest in foreign Deutsche Mark bonds and the German Capital Markets Sub-Committee decided on the smallest calendar of new issues since last April at its monthly meeting in Frankfurt yesterday. Only two new issues will be launched during the next three weeks.

Deutsche Bank will arrange a DM 200m issue for Australia while Dresdner Bank is slotted in for a DM 150m public issue for an unknown address. The Sub-Committee, which will meet in three weeks time, has asked its members and those banks which are not represented on the Sub-Committee to refrain from launching issues, other than the two above, during the next three weeks.

The outcome of the meeting came as no great surprise to German bankers after three DM 100m foreign bond issues had been postponed last week—by Commerzbank, Dresdner Bank and Deutsche Bank respectively. Last month DM 1.15bn-worth of new bonds were successfully placed and the month before that figure reached a high of DM 2.03bn. Much of the buying, particularly from abroad, was prompted by the widespread expectation of a fall in German interest rates, following the sharp fall in U.S. interest rates last spring.

The fall in German interest rates never occurred as the Bundesbank is still worried about inflation and fears a rise of the DM against the dollar. The buying steam from abroad thus quickly evaporated during the last ten days of August.

Borrowers became reluctant to agree to higher coupons than they had hoped for and the scene was thus set for a sharp reduction in the new DM issue calendar. Until U.S. interest rates steady, there is little prospect of a renewed boom in new DM foreign bond issues. The market barely reacted to the news of a scaled down new issue calendar yesterday and prices of seasoned DM issues posted gains of ⅛ on the day.

Seasoned bond issues in Switzerland also gained ⅛ of a point.

Meanwhile, UBS (Securities), which last Friday said no other banks had agreed to come in as co-managers of the new 12¾ per cent bond to 1987 currently being arranged for the European Investment Bank, made no comment on

Bank of China joins dollar floating rate note syndicate, Page 28

statements by two banks, Banque Bruxelles Lambert and Kredietbank (Luxembourgeoise) that they had accepted the position of co-management which UBS (Securities) had offered them but were subsequently told that their presence was no longer required.

All the other banks who were invited to join as co-managers declined on the grounds that the terms offered on the new EIB bond were out of line with market yields on paper for this borrower.

In pre-market trading yesterday the bonds were quoted at a discount of 1¾ per cent bid—giving investors a yield of 12.77 per cent—by Ross and Partners (Securities).

The conversion bond for the EIB is the second of its kind in the Eurobond market. A conversion bond for Miles Laboratories was arranged by White Weld Securities in April, 1975.

With the U.S. closed for Labor Day, trading was subdued in the Eurobond market. Prices were marked up by a notch in some cases following the rise in the New York bond market last Friday, but activity was minimal.

● Canadian Imperial Bank of Commerce said its wholly-owned UK subsidiary—CIBC Limited—is being expanded to take over the management and underwriting of medium-term Eurocredits, previously the domain of a loan unit within the bank's London branch, writes Peter Montagnon.

CIBC, formed at the start of this year, will also expand its activities in the Eurobond and securities markets so that borrower clients in all international markets will be serviced by the same operation.

Swiss bankers feel turn of the monetary screw

BY PETER MONTAGNON

THE SWISS capital market is in the doldrums. High short-term money market rates and the poor reception afforded to the latest Federal Government bond issue have undermined bond prices and bankers in Zurich believe long-term interest rates are now on a rising trend again.

The main problem, they say, is the restrictive policies of the Swiss National Bank, which is anxious to ward off imported inflationary pressures by keeping the franc strong. With interest rates rising again in the US, the central bank has had to turn the monetary screw rather hard and it gave banks very little extra liquidity over the end-August balance sheet deadline. So long as rates continue firm in other financial centres, there seems to be little chance of a let-up, prompting fears that liquidity required by the banks for the important end-September accounting deadline will be even more expensive than usual.

Even now, Eurofranc rates, which for six months are just under 6 per cent, are considerably higher than yields on domestic bonds.

The problem for bonds was highlighted by the latest Federal Government issue of which SwFr 246m was sold at auction last month for a yield of 4.63 per cent. The coupon is 4¼ per cent over 12 years and the auction price was 98.8 per cent—somewhat lower than expected. The bonds fared badly in initial secondary market trading and yesterday were quoted at 97.9 per cent, 0.1 per cent lower than on Friday.

This poor reception served as a warning signal to investors and the issue by the Cantunal Banks refinancing institute, Pfandbriefzentrale, was undersubscriped at a coupon of 5 per cent.

Credit Suisse, meanwhile, decided to postpone a SwFr 100m issue for several weeks.

The reasons, according to officials at the bank, go beyond the simple deterioration of market conditions. Credit Suisse wishes to avoid conflict with the new subordinated loans announced by Swiss Volksbank and Swiss Bank Corporation. Because they are lower ranking debt, these loans—the first of their type to be floated in Switzerland — carry somewhat higher yields than conventional bonds.

Swiss Volksbank, for example, has set the coupon of its SwFr 100m issue at 5¾ per cent over 12 years. If Credit Suisse brought a conventional issue to the market it would normally attract a coupon of only 5¼ per cent, which is superficially less attractive to investors. Union Bank of Switzerland, meanwhile, does plan to issue a SwFr 100m bond later this month, but it will be a conventional rather than a subordinated issue.

Inflation is still a point of concern in Switzerland and the Swiss central bank continues to tighten the monetary screw. Bond prices have been undermined and few expect any recovery in the near term

The attraction to some banks at least of floating subordinated issues is that under proposed new rules they will be allowed to count the proceeds as shareholders' equity in their balance sheets. This will make it easier for them to fulfil Switzerland's stringent capital ratios. Swiss Volksbank, for example, is paying ¼ per cent over the going rate on conventional bonds for its subordinated issue, but the alternative would be to raise new share capital on which its dividend currently stands at 14 per cent.

Once the new rules become effective on January 1 next year, the cost to the bank of maintaining an adequate level of shareholders' equity will thus have been correspondingly reduced.

It can be argued, however, that now is not necessarily a good time to go for innovations on the capital market. One problem facing potential investors in the new subordinated bonds is that the Swiss Insurance Office has not yet determined how far they will be eligible for purchase by life insurance funds. Meanwhile, investors have been left somewhat perplexed by recent contortions in the interest rate structure.

The Swiss National Bank has recently permitted a ½ per cent increase in rates paid on savings deposits to become effective on December 1. At the same time rates on banks' medium-term notes (or Kassenobligationen) were reduced by ¼ per cent so that seven- to eight-year notes now yield 5 per cent.

This reduction was basically intended to bring about a better balance of inflows into savings accounts on the one hand and medium-term notes on the other. With low rates on savings deposits, too much money had been flowing into medium-term notes, thereby upsetting the maturity distribution of banking balance sheets.

In normal conditions a reduction in medium-term note rates would have taken some of the pressure off the bond market by increasing the relative attraction of bonds. This time, no such advantage has been felt, largely because the increase in savings deposit rates is to be accompanied by a staggered increase in mortgage rates which is bound to increase inflation in Switzerland.

Even at its present low level—consumer prices rose only 3.3 per cent in the year to July—inflation is still a point of concern in Switzerland. So, too, is the trade deficit which was almost SwFr 7bn in the first seven months of the year. The Government is now cautiously admitting that the current account balance of payments may be in deficit this year. Under these circumstances it is hardly surprising that few bankers expect a recovery in the bond market soon.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	85¾	85¾	+0⅛	−1	13.48
CECA 11½ 88	100	93¼	93⅞	−0⅝	−3¼	12.82
Citicorp O/S Fin. 10 86	300	89½	90	+0¼	−1⅛	12.56
Con. Illinois O/S 9¾ 86	150	87½	88	−0½	−2¼	12.84
Denmark 11¼ 90	100	92¾	92⅞	+0⅛	−2⅜	13.11
Dome Petroleum 13½ 92	50	98⅞	99⅜	+0¼	−0½	13.62
EEC 11 95	75	85⅞	86⅜	+0¼	−3⅞	13.16
EEC 11 95	70	86	86½	+0⅛	−2	13.14
EIB 11¼ 92	80	90½	91	−0¼	−1⅛	13.35
EIB 13¾ 90	100	101⅛	101⅝	+0¼	−1⅜	13.43
Eksportfinans 11½ 87	50	93½	94	0	−3¼	12.70
Eksportfinans 9½ 87	75	84¼	84¾	−0¼	−3⅜	13.07
Elec. de France 10 88	125	86½	87	−0⅛	−3¼	12.76
Export Dv. Cpn. 12¾ 87	100	99¼	99⅞	−0⅛	−2½	12.80
Export Dv. Cpn. 9½ 86	150	88⅜	89⅜	−0⅛	−1⅜	12.43
Federal Dev. Bk. 12¾ 85	75	100⅛	100⅝	+0⅛	−0⅜	12.06
Fin. Exp. Credit 10½ 85	50	92	92½	+0¼	−1⅞	12.72
Finland Rep. of 9½ 86	100	86¼	86¾	+0⅛	−1⅝	13.03
Ford O/S Fin. 12⅜ 85	250	96⅜	96⅞	−0⅝	−1½	13.59
George Weston 13½ 87	30	†99½	100	+0¼	0	13.52
GMAC O/S Fin. 11 84	100	95⅛	95⅝	0	−1⅞	12.41
GMAC O/S Fin. 13¾ 85	100	101⅜	101⅞	0	−1⅜	12.83
Goodyear O/S 12½ 87	75	97	97½	−0⅛	−0⅛	13.11
Hudson's Bay 11½ 90	75	90⅜	90⅞	−0⅛	−2⅝	13.24
IBM Canada 10½ 85	50	94⅛	94⅝	+0¼	−2⅜	12.08
ICI Fin. Ned. 11 83	100	96¾	97¼	+0⅛	−2⅜	12.30
Int. Harvester 12¾ 85	115	98⅝	99⅛	+0⅛	+0⅛	13.06
McGraw 13½ 85	75	†100¼	100¾	+0⅜	+0⅜	13.29
NorWest Ind. 13⅝ 87	50	98¾	99¼	+0⅛	−0⅜	13.82
Nova Scotia 10¾ 90	50	89½	90	−0¼	−1⅜	12.61
OKB 10 85	50	91⅝	92⅛	−0⅜	−2¼	12.30
Pembroke Capital 9⅜ 87	100	†87⅜	87⅞	+0⅛	−3⅜	12.39
Pemex 11½ 88	100	92⅜	92⅞	−0¼	−1⅜	13.07
Quebec Hydro 11½ 92	100	89⅝	90⅛	−0½	−3	1322
Rapsteel O/S 11½ 88	100	87⅛	87⅝	−0⅛	−1	14.19
Roylease Ltd. 11⅜ 85	50	95⅛	95⅝	−0⅛	−2⅜	12.52
SNCF 12⅜ 85	50	97⅞	99⅜	−1⅞	−2⅜	12.59
Swed. Ex. Cred. 12½ 85	40	99⅝	100⅛	0	−0⅛	12.49
UB Finance BV 11 90	50	87⅛	87⅝	−0⅛	+0⅛	13.36
Unilever NV 9¾ 90	100	83¾	84¼	−0⅛	−3⅜	12.87
World Bank 9⅜ 85	200	89⅞	90⅜	+0⅜	−3	12.59
World Bank 10⅜ 87	300	89⅞	90⅜	+0⅛	−3⅛	12.50

Average price changes... On day 0 on week −2

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	101½	102¼	+0⅞	−1⅜	8.69
Australia 8⅛ 90	250	101⅛	101⅞	+0⅜	−1⅞	7.88
BFCE 7¾ 87	100	98⅛	98⅜	+0⅛	−1⅜	8.05
BFCE 8¾ 95	100	99	99⅜	+0⅛	−1⅜	8.19
Brazil 8 87	150	90¼	91	−0⅛	−2¼	9.93
Council of Eur. 7¾ 89	100	94⅜	95⅛	+0½	−1⅜	8.11
Denmark 7½ 86	100	98	98⅜	+0½	−0⅛	8.24
Denmark 8¾ 92	100	99⅛	99⅞	−0⅛	−0⅛	8.31
EEC 7⅞ 94	225	96⅜	97½	+0¼	−2⅜	8.22
Finland Rep. of 8 86	150	99⅛	99⅞	+0⅛	−0⅜	8.09
Iberduero SA 9 90	100	98⅝	99½	+0½	−0⅛	9.13
Kobe, City of 7⅛ 89	150	94	94¾	+0⅛	−1⅞	8.02
Kobe, City of 8 90	100	99⅛	99⅞	+0⅛	−1⅛	8.07
Mt. Bk. Denmark 8½ 90	150	99⅛	99⅞	+0⅛	−1⅜	8.57
Norway 7½ 85	250	99⅛	99⅞	−0⅛	−1⅜	7.62
OKB 7¾ 89	100	94⅜	95½	+0¼	−1⅜	8.15
OKB 8¾ 92	150	99⅛	99⅞	+0⅛	−1⅜	8.31
Oslo, City of 8¾ 90	80	102⅛	102⅞	0	+0⅜	8.33
Sweden 9¾ 87	200	106⅜	107½	+0⅛	−0⅜	8.28
World Bank 8 90	700	98½	99¼	+0¼	−0⅞	8.17
World Bank 7⅞ 90	250	97	97¾	+0⅛	−1⅞	8.28
World Bank 10 86	150	106⅜	107⅜	0	−1½	8.38
World Bank 10 90	200	109⅞	110⅝	−0⅛	−3	8.40

Average price changes... On day +0⅛ on week −1⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	90⅛	90⅝	−0¼	−1½	7.01
Bergen, City of 4¾ 91	40	†93	93½	+0¼	−0⅞	5.59
Bergen, City of 6 90	50	102⅛	102⅜	+0⅛	−2⅜	5.69
BNDE 5 89	75	83⅜	83⅝	+0⅛	−0⅜	7.62
BMW Overseas 4¾ 91	100	92½	92¾	0	0	5.14
Buhrm'n-Tetterode 7 90	40	104⅜	104⅜	0	−1⅜	6.36
Caisse Nat. Tele. 4¼ 89	100	93¾	94	0	−0⅜	5.25
Copenhagen 4½ 91	60	86¾	87	−0⅜	−1½	6.17
Council of Eur. 5 89	100	95⅛	95⅜	+0⅛	−0¼	5.67
Denmark 5¾ 90	80	99⅞	100⅛	+0⅜	−0⅞	5.75
EIB 4⅝ 94	100	83	83¼	+0⅛	−4⅝	6.22
Elet. de France 4⅜ 89	100	94¼	94½	+0½	0	5.18
F. G. H. Hypo. Bk. 6 90	50	†99	101	−3⅛	−4	6.00
GZB 4¼ 89	100	†87½	89½	−0⅛	−3¼	5.99
Hilti 4½ 91	35	†91	91½	0	−3½	5.31
Int.-Amer. Dev. 4½ 89	100	90⅜	90⅝	+0⅜	−1⅜	5.80
Int.-Amer. Dev. 7 90	80	104⅞	105⅛	−0⅛	−1	6.29
Jutland Tele. 5½ 90	50	†98	99	+0¼	−0⅜	5.70
Malaysia 5 89	80	†87	88	−0⅝	−1⅜	6.89
Newag 5¾ 90	80	100½	101⅛	+0⅛	−1⅜	5.83
Nippon Tel. & T. 4⅛ 89	100	94	94½	+0¼	−0⅜	5.05
Nordic Bank 5 89	45	94	94⅝	0	−4⅜	5.85
Norges Komm. 4¾ 91	100	88⅜	88¾	+0½	−2½	5.74
OKB 4⅜ 91	100	88⅜	88½	+1¼	−3⅜	6.82
OKB 6 90	100	102	102¾	+0¼	−1⅛	5.70
Oslo, City of 4⅜ 91	100	87⅜	87⅞	+0⅛	−1	5.91
Sekisui Pre. Hms. 6 90	80	103⅜	103⅜	+0⅛	−0½	5.56
Shikoku El. Pwr. 4¾ 89	100	93¼	93½	+0⅜	−1¼	5.71
World Bank 4⅛ 89	100	94⅜	95	−0⅛	−1⅜	5.36
World Bank 4⅞ 89	150	89½	89⅛	+0½	−1⅜	5.88
World Bank 4⅜ 91	100	89⅝	89½	+1	−1⅜	5.85

Average price changes... On day +0⅛ on week −1⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅜	93	+0⅛	−0⅛	8.49
Australia 6½ 88	20	88	88⅜	−0⅛	−0¼	8.66
EIB 7⅜ 89	12	96¼	97½	−0⅛	0	8.26
Finland 5.6 83	10	91	91⅜	−0⅞	−0¼	8.83
Finland 6 8 88	10	87⅞	88⅜	−0⅝	−0½	9.02
Finland, Rep. of 8⅜ 87	15	97⅛	97⅞	−0⅛	+0⅛	8.87

Average price changes... On day −0⅛ on week −0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	91½	92¾	−0½	−1⅝	12.67
CIBC 13½ 85 C$	50	†100	100½	−0⅛	−2	13.37
CIBC 11⅛ 85 C$	60	†95½	96	0	0	12.70
Federal Dev. 11½ 90 C$	80	†90	90¼	−0⅛	−3⅜	13.29
Fst. Can. Inv. 10 84 C$	50	†91	91½	−0⅛	−1½	13.08
GMAC 12 85 C$	50	*†97½	98	0	0	12.62
R. Bk. Canada 10 86 C$	40	91	91¾	−0¼	−1⅜	12.15
Tordom Cpn. 13½ 85 C$	30	†100	100⅜	−0⅜	−1⅞	13.34
M. Bk. Dnmk. 9 91 EUA	25	†94¼	95¼	+0¼	+0⅛	9.78
SOFTE 8¾ 89 EUA	40	†88½	89½	+0⅛	+0⅛	10.21
U. Bk. Nrwy 9½ 90 EUA	18	†99⅜	100¼	+0⅛	+0⅛	9.52
Algemene Bk. 8¼ 84 Fl	75	95¼	96¼	−0⅛	−0⅜	9.48
Algemene Bk. 10¼ 87 Fl	400	100	100½	−0⅛	−0⅜	10.19
Bk. Mees & H. 10 85 Fl	75	99⅜	99⅝	+0½	−0⅜	10.16
Heineken NV 10 87 Fl	75	100⅛	100⅝	+0⅛	0	9.91
Norway 8¼ 84 Fl	100	95⅝	96⅛	−0¼	−0⅛	9.51
Philips Lamps 8¾ 84 Fl	75	95½	96	−0⅜	−0⅜	9.76
Aero Paris 13⅛ 87 FFr	150	99⅝	100⅜	+0⅛	+0⅛	13.09
Air France 11 84 FFr	120	96⅛	97⅛	0	−0½	12.10
CECA 14½ 86 FFr	150	105⅝	105⅝	0	−0⅛	12.81
Finland 11 84 FFr	80	93⅝	94⅝	0	−1⅞	12.90
Finland 11½ 89 FFr	70	93	94	0	−0⅞	12.73
Gaz de France 11 84 FFr	150	95⅜	96⅜	0	−0⅜	12.30
IBM France 11⅞ 84 FFr	120	95½	96½	0	−1⅜	13.09
Renault 9¾ 85 FFr	100	88	89	−0¼	0	13.08
Solvay et Cie 9¾ 87 FFr	125	85	86	0	−0⅛	13.72
Utd. Mex Sts. 14 85 FFr	150	100⅜	101⅜	0	−0⅛	13.69
Beneficial Fin. 14¼ 90 £	20	96⅞	97⅜	−0¼	−1⅜	14.76
Citicorp O/S 13½ 90 £	50	96⅞	96⅞	−1⅜	−1⅜	14.15
EIB 11½ 91 £	25	89	90	−0⅝	−1½	13.37
Fin. for Ind. 12½ 89 £	30	93⅞	94⅜	−0⅛	−1⅜	13.64
Fin. for Ind. 14½ 88 £	20	100	100¾	−0⅛	−1⅛	14.36
Gen. Elec. Co. 12½ 89 £	50	94⅛	94⅞	−0⅛	−4	13.59
Peugeot SA 14 90 £	23	96⅜	97½	−0¼	−1⅜	14.55
Swed. Ex. Cr. 15⅜ 85 £	20	101½	102⅜	−0⅞	−1⅜	14.59
Banobras 8¼ 90 KD	7	†94⅜	94⅞	0	−0⅛	9.10
CCCE 8⅜ 91 KD	10	†94⅞	94⅝	0	+0⅛	8.96
Sonatrach 8½ 90 KD	12	†93⅛	93⅝	0	−1⅜	9.57
Akzo 9⅜ 87 LuxFr	500	†94⅜	95⅜	+0⅛	−0⅛	10.21
Euratom 8 87 LuxFr	500	89	90	+0½	−0⅛	10.26
Euratom 9¾ 88 LuxFr	500	†98½	99½	+0⅛	+0⅛	9.93
EIB 9¼ 88 LuxFr	600	†98½	99½	0	−0⅛	9.93
Volvo 9¾ 87 LuxFr	500	†96¼	97¼	+0⅛	0	10.39

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98¼	2/1	10.44	10.64
Bank of Ireland 5¾ 89	‡0¼	97⅝	98⅛	21/11	11⅝	11.62
Bank of Tokyo 5¼ 89	‡0¼	96⅝	97⅛	25/10	9¼	9.55
Barclays O/S Inv. 5 90	0¼	96⅞	97⅜	13/12	9⅝	9.91
Bergen Bk. A/S 6 89	‡0¼	97	97½	29/11	12¼	12.60
Bilbao Int. NV 5¾ 90	0¼	96½	97¼	29/11	10.06	10.39
Citicorp O/S F. 83	§‡0	99	99½	23/11	11.44	11.52
Citicorp O/S F. 84	‡0	98½	99	30/8	9¾	9.87
C. Itoh 5¾ 87	0¼	99	99½	18/9	19.44	19.58
Co-operative Bk. 6 86	0¼	97⅞	98⅜	15/11	11.44	11.66
Creditanstalt 5½ 91	§‡0¼	97½	98	14/9	9.44	9.65
CNT 5¾ 86	§0¼	99⅞	100⅜	16/10	18⅛	18.10
GZB 5½ 89	‡0¼	97½	98	1/11	9.81	10.04
Jugobanks 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¾ 87	0¼	99¼	99¾	15/10	18⅝	18.84
Lloyds Eurofin 8 90	§0¼	95¼	96¼	3/1	15¾	16.41
LTCB Japan 5¼ 86	0¼	98	98½	13/12	9⅝	9.80
LTCB Japan 5½ 89	0¼	97⅝	98⅛	7/12	10⅛	10.34
Mfrs. Han. O/S 5¼ 94	‡0⅛	97¼	97¾	30/11	12⅛	12.44
Midland Intl. Fin. 5 89	0¼	97¼	97¾	20/12	9½	9.74
Midland Intl. Fin. 5⅜ 92	0¼	97¼	97¾	5/12	10⅞	11.15
Nacional Fin. 6¾ 86	0¼	97⅜	87⅞	25/1	9.69	9.92
Nat West 5¼ 94	§0⅛	98⅞	99⅜	11/10	18⅝	18.79
Nippon Credit 6½ 86	0¼	97	97½	12/1	9.56	9.83
Nippon Credit 5¾ 87	‡0¼	97⅞	98⅜	6/11	10⅞	11.06
Royal Bk. Scot. 5¾ 94	§‡0⅛	98⅜	98⅝	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	98⅞	99⅜	3/10	20.06	20.24
Standard Chart. 5¾ 90	0¼	98¾	99¼	6/9	17¼	17.42
Svenska Hndlsbk. 5 87	0¼	97¾	98¼	15/1	10	10.20
Sweden 8¾ 91	‡0¼	†96	96½	18/10	9.56	9.94
Williams & Glyn 5¾ 91	0¼	98¼	98¾	14/9	18½	18.78
Bq. S. d'Alg. 4¾ 89 SF	0⅝	†90	91	18/12	6⅝	6.77

Average price changes... on day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†114	115	0	−1.71
Ajinomoto 7¾ 95	2/80	615.5	*115¾	116½	−0½	−5.89
Alco Int. Fin. 9½ 94	1/80	40	†93	94½	−0¼	16.71
Apache I. Fin. 8¾ 95	12/80	21.12	*†120	121	−2½	−6.17
Asahi Optical 7 94	11/79	526.1	*†96	97	+0½	−4.24
Blocker Energy 8¾ 95	1/81	21.87	†96⅛	97⅛	−1¼	7.81
Canon 6¾ 94	8/79	570	†109¼	110¼	−0¼	0.39
Credit Suisse 4¾ 93	10/79	1278	110	111¼	+2⅛	−1.77
Daiei Inc. 6½ 94	11/79	927.3	†97	98	−0¼	20.73
DDKK 11 90	4/80	324	*†102½	103½	0	9.13
Dynelectron 9½ 95	8/80	12.22	*†106½	107½	−1	−2.28
Ensearch Fin. 9½ 94	7/80	30.25	*120¼	123	−4½	−1.35
Inchcape Ltd. 8 95	2/81	4.55	100¼	101	+0¼	0.95
Meidensha Elec. 7 94	12/79	210	*†100	101	+0½	−9.95
MEPC 8¾ 96	2/81	2.47	103⅜	104⅛	+0¼	10.18
Mitsubishi Cp. 6½ 94	10/79	549.1	†126	126½	−3½	−2.79
Ricoh 6⅞ 95	8/80	604	*100	101	−1	5.61
SBC 6¾ 90	9/80	200	99	100	+0⅛	4.13
Toshiba Cpn. 7¼ 94	10/79	198	†104	105	+1	−2.80
Union Bk. Switz. 5 89	2/80	121.4	99¼	100¼	−0¼	−0.68
Fujitsu 5 84 DM	7/79	475	107⅞	108⅜	+1½	4.41
Sharp Corp. 6½ 86 DM	9/80	595	104⅜	105⅜	+0⅛	2.71
Uny Co. 6½ 85 DM	11/79	1071	98¼	99¼	−0¼	23.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Companies and Markets

INTL. COMPANIES & FINANCE

MORE AID FOR SPANISH CAR GROUP

SEAT link with Toyota nearer

BY TOM BURNS IN MADRID

A FORTHCOMING capital increase for SEAT, Spain's largest car manufacturer, is expected to provide an opening for a new multinational partner in the company to replace the Turin-based Fiat group.

The field of willing buyers for the Fiat equity in SEAT virtually has been narrowed to the Japanese Toyota group which is sending a delegation to inspect the Spanish company next week.

At the weekend the Spanish Cabinet made available funds totalling Pta 5bn ($68.8m) to INI the state holding company, of which Pta 3.5bn was earmarked for a capital increase for SEAT, in which INI has a 48 per cent stake. The increase, expected to be announced early next month, will be the third for SEAT within a year.

At the last capital increase, which expired on May 31, Fiat refused to raise its equity, in a move which signalled the breakdown of relations between INI and the Italian group.

The Government then made an emergency Pta 2.8bn grant to INI which enabled it to cover Fiat's share and to announce simultaneously that it would seek a new multinational partner for SEAT.

The arrival of a technical team from Toyota reflects the close links maintained between INI and the Japanese group since early summer. Last July, after visits to Japan by INI and SEAT Toyota sent financial analysts to Spain. INI have their hopes pinned on negotiations with Toyota being well advanced at the time of the capital increase announcement. An additional deadline for any agreement with the Tokyo group is a planned state visit to Japan by King Juan Carlos at the end of October.

Fiat, which retains a 32 per cent equity in SEAT, has a licence and technology agreement with the Spanish company which runs until 1985. SEAT is due to unveil its own version of the Fiat Panda car today. SEAT says it will be the cheapest car on the Spanish market. Production on the Panda started in SEAT's new plant in Pamplona last March and the output of 300 units a day is due to be increased to 500 next spring.

Novo to raise share capital

By Hilary Barnes in Copenhagen

NOVO, the Danish pharmaceuticals company, is to increase its share capital by DKr 85m to DKr 370m (US$66.5m), the company announced. The issue will be in two parts, a one-for-five preference issue at DKr 105 on both "A" and "B" shares and a one-for-ten issue of "B" shares on both "A" and "B" shares at DKr 250. The total yield from these issues will be about DKr 128m.

The second part of the issue is made on more competitive terms than is normal in Denmark, and is intended to give Novo access to capital on terms similar to those available to its international competitors.

The company's pre-tax earnings for the first half rose from DKr 73m to DKr 99m, and net earnings from DKr 57m to DKr 71m. On the basis of present exchange rates, the Board said earnings for the year will be 25 to 35 per cent over last year's results.

First half group sales were up from DKr 604m to DKr 716m and it is expected that sales for the rest of the year will show a substantial increase.

* * *

THE RECESSION in the wake of the second oil price crisis has hit Danish business far harder than the first, according to Copenhagen Handelsbank's half-year report. It said the number of firms hit is greater and the effect on each one deeper, and for the bank this meant an unavoidable increase in the risk of losses on individual engagements.

The bank, nevertheless, described its first half operating profits as satisfactory, increasing from DKr 224m to DKr 260m ($46m) and it predicted that the operating result for the year would be somewhat better than in 1979.

The bank's assets rose by 11.2 per cent to DKr 40.3bn in the year to June 30. Advances have risen by 17 per cent, including currency loans through the bank's Cayman Islands' branch, while deposits have risen by only 3 per cent, causing a severe liquidity squeeze.

* * *

THE DIRECTOR of Public Prosecutions yesterday decided to drop investigative charges of fraud against Mr. Jan Bonde Nielsen, the former managing director of the troubled shipbuilding and engineering group, Burmeister and Wain.

Korf group returns to profit

BY OUR FRANKFURT CORRESPONDENT

THE KORF steel, engineering and process plant group, achieved a profit last year for the first time since the start of the steel crisis in 1974.

Worsening conditions in the steel market in recent months mean that Korf's steel activities will again fall into deficit this year, however, after the temporary respite in 1979, but the better performance of the engineering and process plant divisions should keep the group overall in the black.

Last year the Korf parent company, Korf-Stahl, achieved an after-tax profit of DM 17.7m compared with a loss of DM 14.1m in 1978.

The turnover of the German group, which is owned 30 per cent by the state of Kuwait, topped the DM 1bn mark for the first time to reach DM 1.02bn, while the sales of the group worldwide, including the U.S. Korf group, rose to DM 2.35bn compared with DM 1.81bn in 1978.

Group sales are likely to show little growth this year over the 1979 level, said Dr. Willy Korf, chief executive, while steel output is expected to fall slightly below last year's level of 1.5m tonnes.

Despite the difficulties presently being experienced in the steel market, Dr. Korf was optimistic that higher prices could be imposed on steel buyers from around 1982. He expected the world market to tighten considerably in the later years of the 1980s, as world crude steel capacity would expand only slowly between 1980 and 1985 from around 800m to 840m tonnes a year.

Dr. Korf is expecting its main growth in the next few years to come from its engineering and process plant activities, particularly as demand is still strong world wide for direct reduction plants to produce sponge iron. Korf has developed its own Midrex process for such plants and is supplying a 1.2m tonnes a year sponge iron works for the Kursk steel complex being built by the Soviet Union.

AEG to broaden foreign bases

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, West Germany's second largest electrical and electronics group, is aiming to more than double its foreign manufacturing operations. AEG's heavy dependence on the Federal Republic as a manufacturing base with the very high costs involved has been one of its major weaknesses, and contributed to its near financial collapse last year.

The company, which was financially restructured at the end of 1979, is seeking to increase its foreign-based output from the present level of around 10 per cent of production to about 20 per cent, according to Herr Heinz Dürr, group chief executive. AEG, which is expected to make further losses of DM 100m-DM 200m ($56m-$112m) this year, hopes to reach the foreign output target within five years.

AEG is also planning to cut further the workforce at its typewriter subsidiary, Olympia, by some 1,300 to 8,700 by the end of the year. Herr Dürr dismissed suggestions that AEG was trying to sell this loss-making subsidiary. Instead, the company is clearly planning that Olympia should be an important part of its strategy for entering more fully into the office information machinery market.

It is still possible that some redundancies at Olympia will be avoided by parts of the workforce being placed on short-time working. AEG's total domestic workforce will be reduced from 122,000 to about 117,000 by the end of the year.

Depending on the development of the West German economy in the next few months, AEG could well be forced to introduce short-time working into some other sectors of its activities, such as the manufacture of television sets, radios and stereos.

Herr Dürr called for the Federal Cartel Office to relax its attitude towards mergers in certain sectors of the electrical industry to allow the industry to rationalise and re-organise to meet the growing Japanese challenge.

● Beiersdorf, the West German cosmetics, pharmaceutical and adhesives manufacturer, said in a letter to shareholders that earnings rose only marginally in the first half despite a 10.3 per cent rise in world-wide group sales to DM 898.5m ($502m).

Beiersdorf, maker of Nivea skin cream, said sales of the parent company increased 6.3 per cent to DM 518.4m. The parent's export sales climbed 14.8 per cent to DM 105.9m while domestic sales rose 4.4 per cent to DM 412.5m.

The company said the relatively small rise in domestic sales in the first half reflected a comparison with a "disproportionate" expansion of business in the first half of 1979.

Italian bank to be given L240bn boost

BY RUPERT CORNWELL IN ROME

THE CAPITAL of Banca Nazionale del Lavoro (BNL), Italy's largest commercial bank, will be increased to L300bn ($351.30m) from the present level of L60bn, as part of a recapitalisation programme for the country's state-owned banks.

The overwhelming bulk—L206bn—of the fresh capital will be subscribed by the Italian state which holds almost 86 per cent of BNL's equity. The remainder will come from minority shareholders, including the publicly-owned insurance group INA, which has a 5 per cent stake in BNL.

The increase, contained in a draft Bill approved at the weekend by the Cabinet and providing for an overall L500bn injection into the state banking sector, is BNL's first in 10 years. During that period its total balance sheet has grown almost six-fold to more than L52,000bn ($60.89bn).

Sig. Nerio Nesi, the bank's chairman, said that BNL's low capitalisation had hindered it from taking as active a role as it might have, especially on the international stage.

The bank's low "solvency standing"—the ratio between total deposits on the one hand, and its capital and reserves on the other—had damaged BNL's image abroad, he claimed.

Iggesund shows advance

By Westerly Christner in Stockholm

IGGESUND, THE Swedish forest products, chemicals and steel group, registered a pretax profit of SKr 60m ($14.3m) for the first seven months of this year, a rise of SKr 16m.

Group sales at the end of July rose to SKr 1.15bn, a 9 per cent increase. For 1980 as a whole Iggesund predicts group sales of SKr 2.2bn compared with the 1979 turnover total of SKr 2bn.

Group earnings are expected to show an improvement compared with last year's SKr 127m despite the dampening effect of higher raw materials costs and the Swedish collective wage settlement in May.

The 1980 seven-month profit included stock gains of SKr 28m against stock gains of SKr 38m during the same period last year. Group investments increased to SKr 120m during the period, ahead by SKr 64m. Liquidity remained "good" and unchanged from the corresponding period last year, although no amount was given. Group liquid assets at the end of July amounted to SKr 174m, compared with SKr 149m.

The forestry industry and forests division returned an operating profit of SKr 64.7m for the seven months, ahead by SKr 18.5m. For 1979 as a whole theresult was SKr 107.6m. Sales for the seven months increased modestly to SKr 768m, compared with the SKr 741m

The chemicals division posted on operating profit during the period of SKr 7.7m, down from the SKr 14.8m profit achieved in the corresponding period a year ago. The shortfall was attributed to the spring labour conflict in Sweden. Sales for the division increased to SKr 149m during the period, against SKr 127m. For 1980 as a whole, however, a recovery is predicted and the division is expected to outdo the SKr 31.6m profit achieved on sales of SKr 237.4m in 1979.

Matsushita Electric plans record Japanese issue

BY RICHARD C. HANSON IN TOKYO

MATSUSHITA Electric Industrial, Japan's leading home electronics manufacturer, plans to make the largest public offering of shares in the history of Japanese industrial companies.

The offer is of 60m shares, with a closing date of November 10. The price of the shares has yet to be fixed, but at current market prices the amount raised would be about Y44bn ($200m). The company made its last public offering in 1977, when 50m shares were issued at Y555 each, to raise Y27.75bn.

The funds raised by the planned issue will be used to finance sharp increases this year in capital spending, much of it aimed at increasing production capacity for fast-selling products like video tape recorders. The parent company plans to spend about Y50bn this year, compared with Y24bn last year. Spending on a consolidated basis will rise from Y72.7bn to Y130bn.

The company is also to make a 10 per cent scrip issue to stockholders on record as of November 20, the company's year-end. The issues will increase the company's capital from Y59.8bn to Y69.04bn. The company is to consider a further 10 per cent scrip issue by November 20, 1981.

The 60m share issue will be underwritten by Yamaichi; Nomura; Nikko; Daiwa; and National Tabayashi.

Matsushita's stock is traded, outside Japan, on the Amsterdam, Dusseldorf, Frankfurt, Hong Kong, New York, Pacific and Paris stock exchanges. Its products are marketed under the National Panasonic, Quasar and Technics brand names.

Profit rise and scrip at Boral

BY OUR FINANCIAL STAFF

BORAL, THE diversified Australian building products group, raised its net profit by 24.5 per cent to a record A$35.12m (U.S.$41m) in the financial year to June 30, from A$28.2m in 1978-79, to record its tenth successive profit increase.

The profit gain ran ahead of that in sales, which were increased by 19.4 per cent to A$464.49m (U.S.$541m), from A$389.15m.

The final dividend is held at 6.25 cents a share, making a total for the year once more unchanged at 12.5 cents, but is payable on capital again to be increased by a one-for-five scrip issue.

Good returns from most Australian operations, and from the group's U.S. activities, contributed to the profit rise, the company said. The current year is reported to have opened well, with results so far ahead of those a year ago.

The company's profits for 1979-80 were struck after tax of A$27.49m, compared with A$16.9m, depreciation of A$14.7m, against A$12.99m, interest of A$7.42m (A$6.86m) and minorities of A$337,000 (A$532,000), but before extraordinary profits of A$918,000 (A$1.41m). Income on top of sales was A$2.20m, compared with A$2.19m.

* * *

AUSTRALIAN National Industries (ANI) plans a convertible note issue to raise A$40m (U.S.$46.6m) of long term money, Reuter reports.

The notes will be issued with a par value of A$3.10 each, will be convertible into ANI shares on a one-for-one basis, will carry interest at 11 per cent and will be redeemable on April 30, 1991 if not converted into ordinary shares by July 31, 1990.

The company has the right to accept oversubscriptions of A$4m, making a total potential issue of A$44m. The issue has been underwritten by J. B. Were and Son.

Existing ordinary shareholders, convertible preference shareholders and convertible unsecured noteholders will be entitled to the new notes on the basis of 100 notes for each 700 present or potential ordinary shares. The rights are not renounceable, and will not be traded.

Mr. John Leard, the managing director, said that ANI had been considering the introduction of longer term debt into its business for some time. The new funds would be used to replace some of the company's existing shorter term facilities and would also provide funds for the company's expansion programmes in Australia and in the U.S.

ANI's results for 1979-80 will be announced on September 18, and Mr. Leard indicated that the strong performance during the first half of the 1979-80 financial year had been fully maintained in the second half.

Bank of China joins dollar FRN syndicate

By Our Tokyo Correspondent

THE BANK OF CHINA, the foreign exchange arm of China's central bank, will join a nine-member underwriting syndicate for a $25m eight-year floating rate note issue in Singapore by a subsidiary of the Long-Term Credit Bank of Japan.

This is the first time the Bank of China has joined a Japanese underwriting group, although in recent years, it has been active in other loan syndications and note issues outside China. Daiwa Securities is the lead manager for the issue with eight merchant banks in Asia acting as co-managers.

The Bank of China has been given a more or less free hand in participating in international financial markets, and has a subsidiary in Hong Kong. The Chinese however, have not yet reached the stage of issuing bonds overseas to raise funds.

Japanese underwriters over the past few months have discussed the possibility of floating yen bonds with the Chinese. The main barrier, aside from a lack of experience, appears to be in interest rates. The Chinese appear to be intent on not paying more than 7-8 per cent per annum on borrowings. But recent international bonds denominated in yen have carried coupons close to 8¼ per cent.

Second-half setback for NBT

By Wong Sulong in Kuala Lumpur

NORTH BORNEO TIMBERS (NBT), the Malaysian timber group, has reported a setback in the second half.

The group, which is based in the East Malaysian State of Sabah, made a pre-tax profit of 8m ringgit during the first half (compared with a loss of 1.8m ringgit previously), but the full year's earnings were only 13.8m ringgit (US$6.5m), or 4.6 per cent above those of 1979.

Poorer timber prices, lower output, and high royalties eroded earnings, which were also hit by the lower production and prices of cocoa. Log production was 9.5m cubic ft, against 12.7m cubic ft for the previous year, with sales totalling 9m cubic ft, against 12m cubic ft. Cocoa production was 899,000 lb and sales 940,000 lb, against 1.036m lb and 1.04m lb, respectively.

Net profit was 5.8m ringgit, down from 7.9m ringgit in 1979, principally because the company made an extraordinary loss of 950,000 ringgit, as opposed to a gain of 1.9m ringgit previously.

The dividend is maintained at 10 per cent.

Depreciation hits Daihatsu Motor

BY YOKO SHIBATA IN TOKYO

DAIHATSU MOTOR, a manufacturer of small cars within the Toyota group, found its earnings for the fiscal year ended June 30, affected by increased depreciation costs following heavy capital investments.

Daihatsu's operating profits fell 32.3 per cent to Y7.11bn, from the previous year's level. Net profits were Y4.56bn ($20.8m), down 29.4 per cent. Sales of Y331.36bn ($1.5bn) were 10.9 per cent higher. Per share profits were Y12.47 against Y17.65.

The company sold 566,335 vehicles, up 18 per cent, of which sales to Toyota totalled 183,287 units, down 5 per cent. The company's exports fared well, reflecting international demand for fuel-saving small cars. Exports in volume increased by 74 per cent to 117,400 units to account for 20.7 per cent of total sales. Exports in value were Y71.75bn, up 65 per cent. However, there were no benefits from the Yen's depreciation, because of the company's exports being invoiced in yen.

An increased depreciation burden (Y9bn), resulting from doubled capital investment (at Y23bn) and price increases of raw materials (Y1bn higher than the earlier estimate) were blamed for the earnings setback.

Strong demand for small cars was associated with the introduction of new models in June. The company plans to sell 632,000 vehicles (up 12 per cent) in the current fiscal year, of which domestic sales, outside the group, will account for 312,500 units (up 9 per cent), and exports for 146,800 (up 25 per cent), with sales to Toyota for 172,700 (up 6 per cent).

● Kanebo, the Japanese textiles company, which also has interests in food and cosmetics, has reported consolidated net income of Y384m ($1.7m) for the year to April 30, compared with Y3.49bn for the previous year. Earnings per share were Y0.99, against Y9.19. Group sales rose by 5.2 per cent to Y477.18bn ($2.2bn), from Y453.58bn.

Nippon Gakki Company, the Japanese musical instruments concern, increased its consolidated net income by 22.4 per cent to Y9.4bn ($42.9m) in the year to April 30, from Y7.68bn in 1978-79. Sales rose 12 per cent to Y345.23bn ($1.6bn), from Y308.21bn. Earnings a share amounted to Y71.58, against Y64.31.

Novo Industri A/S Half Year Statement 1980

NOVO

Sales
During the first half of 1980 Group sales increased by 18.5 per cent from Dkr. 604 million in 1979 to Dkr. 716 million. While sales of pharmaceutical bulk products decreased, sales of both enzymes and pharmaceutical preparations increased by more than 20 per cent compared with the first half of 1979. The sales growth has been evenly spread by major products and by major markets.

Financial developments
In the first half of 1980 income before taxation increased by 36 per cent from Dkr. 73 million in the first half of 1979 to Dkr. 99 million. Net income rose from Dkr. 57 million in the first half of 1979 to Dkr. 71 million.

Expectations for the full year
Trading conditions during the first half of 1980 have been good for the Group. The Board expects that sales for the full year will show a significant increase over last year and income before taxation, in the absence of unforeseen circumstances, could rise, at current exchange rates, by as much as 25-35 per cent over last year.

Dividends
Regarding the 1980 dividends the Board of Directors intends to propose to adjust the dividend level of the A Shares from the present ½ per cent at which it has been fixed for several years, to 6 per cent. The Board further proposes that the dividend on B Shares is increased to 13 per cent.

Research & Development
Novo is expanding its research base in both enzymes and pharmaceuticals research. Of special interest to Novo's position as a leading insulin manufacturer is the development, in Novo's laboratories, of a commercial process for the production of human insulin by chemical modification of porcine insulin. Clinical investigations of this human Monocomponent insulin (MC-insulin) will begin shortly and clinical trials will commence early in 1981.

Capital expenditures
Capital expenditures for the construction of new production facilities, environmental protection and safety measures amounted to Dkr. 75 million compared with Dkr. 57 million during the first half of 1979. For the full year 1980 capital expenditures are likely to amount to Dkr. 160-170 million.
The capital expenditure level will be somewhat higher during 1981 and 1982. The growing sales of existing products and the marketing of new products necessitate expansion of production facilities for the production of both enzymes and pharmaceuticals. The insulin purification plant at Bagsvaerd will be expanded and new packaging and storage facilities will be established at Kalundborg. The fermentation capacity will be expanded in both Denmark and U.S.A., and the enzyme recovery capacity at Kalundborg will be expanded and made more flexible. Also, the increase in the capital expenditures will include investments in research facilities and pilot plants necessary to further strengthen Novo's position in biotechnology.

The Board of Directors
Novo Industri A/S

Summary of the Group, Dkr. million

6 months ended 30th June 1979	1980		Financial Years 1975	1976	1977	1978	1979
604	716	Sales	572	698	864	939	1,275
96%	96%	Sales abroad	94%	95%	96%	96%	96%
73	99	Income before taxation	37	56	103	97	138
16	27	Taxation	(1)	12	30	22	34
57	71	Net income	35	39	73	75	103
196	235	Wages, salaries and other employee benefits	225	243	282	338	409
25	29	Net interest payable	31	32	36	35	52
91	105	Cash flow	62	83	130	138	167
57	75	Capital expenditure	90	68	75	160	126
59	70	Research and development, quality control and technological services	73	82	92	112	126
24	30	Maintenance and repair costs	24	29	40	43	54
3,001	3,240	Number of persons employed at the end of the period	2,270	2,400	2,635	2,859	3,051
2,463	2,660	Of which in Denmark	1,919	2,003	2,170	2,352	2,518
315	330	Rest of Europe	252	260	298	313	310
101	134	U.S.A.	28	41	46	70	105
122	116	Other countries	71	96	121	124	118
369	420	Net foreign-exchange earnings to Denmark	325	400	515	560	725
		Earnings per Dkr. 100 nominal amount of B Shares in Dkr.	20.79	20.67	33.99	33.78	46.37

Rate of exchange, end of June 1980: 1 US$ = Dkr. 5.46 1£ = Dkr. 12.88

An Extraordinary General Meeting of the Company will be held on Thursday, 18th September, 1980 at 4.00 p.m. at Palmehaven, Hotel d'Angleterre, Kgs. Nytorv, Copenhagen, Denmark.

Agenda:

1.
The Board of Directors' Report on the state of affairs of the Company.

2.
A proposal from the Board of Directors

a) to increase the share capital of the Company by Dkr. 85,590,000 to Dkr. 370,890,400 in the following manner:

1°. The holders of the A Shares are invited in accordance with §4 in the Articles of Association to subscribe for A Shares in the amount of Dkr. 12,375,000 at a price of 105 per cent, meaning that a holding of old A Shares in the amount of Dkr. 500.- entitles to subscription of new A Shares in the amount of Dkr. 100.-.

2°. The holders of B Shares are invited in accordance with §4 in the Articles of Association to subscribe for B Shares in the amount of Dkr. 44,685,000 at a price of 105 per cent, meaning that a holding of old B Shares in the amount of Dkr. 500.- entitles to a subscription of new B Shares in the amount of Dkr. 100.-.

3°. Holders of A Shares and B Shares are also invited in accordance with §4 in the Articles of Association to subscribe for B Shares in the amount of Dkr. 28,530,000 at a price of 250 per cent meaning that a holding of A or B Shares in the amount Dkr. 1,000.- in issue at today's date entitles subscription of new B Shares in the amount of Dkr. 100.-.

The new shares issued as a result of the above invitation will be entitled to half dividend for the financial year 1980.
The new shares will have the same rights as existing A or B Shares respectively.

b) to change the Articles of Association concerning the Company's share capital by up-dating §4 a) in accordance with point 2 a) of the Agenda.

3.
Miscellaneous

Attention is drawn to the fact that the adoption of the proposals listed under point 2 in the agenda is subject to shareholders representing at least 2/3 of the total number of votes in the Company being represented at the General Meeting, and to at least 2/3 of the votes cast as well as of the voting capital represented at the General Meeting being in favour of the proposals.
Admission cards and voting papers are available for collection or by postal application at the Company's office, Novo Allé, DK-2880 Bagsvaerd on all business days from 4th-12th September, 1980 both days inclusive between 10 a.m. and 3 p.m.

Where shares are registered under the holder's name admission cards and voting papers will on application be issued directly to a shareholder (stating the serial numbers and nominal value of his shares). In respect of other shares, admission cards and voting papers are issued against production of the share certificates or any other documentation considered in the opinion of the Company to be satisfactory, e.g. a written statement from a bank approved by the Company to the effect that the shareholder has deposited share certificates identified by serial numbers and nominal value, in the bank, that the shares bear no endorsement to the effect that they have been registered under the holder's name, and that the shares will remain deposited in the bank until the day after the General Meeting for which the shareholder requests an admission card. Unless the shareholder specifies an address where the admission card shall be sent to, the admission card must be collected at the Company's office not later than 17th September, 1980.
The Board of Directors' Report on the state of affairs of the Company as required by the Danish Companies Act §29 litra 2 and Auditors' Statement thereon will together with the complete proposals be available for inspection by shareholders at the Company's office from Monday, 8th September, 1980. The latest financial statement will be available from the Company or Morgan Grenfell & Co. Limited, Registrars Department, 21 Austin Friars, London EC2N 2HB as from 8th September, 1980.
Subscription to the amount of Shares Dkr. 85,590,000 authorized according to point 2.a) of the Agenda will take place from 1st October until 14th October, 1980 (both days inclusive) at Aktieselskabet Kjøbenhavns Handelsbank, Emissions-afdelingen, Frederiksholms Kanal 6, Copenhagen K., postal address: Holmens Kanal 2, DK-1091 Copenhagen K., or Gudme Raaschou, Investment Bankers, Østergade 13, DK-1100 Copenhagen K., and the shareholders' preferential right to subscribe is valid only during the period mentioned.
Trading in subscription-rights will commence 26th September, 1980.

To the holders of Convertible Bonds 7 per cent 1989
Bondholders are advised that the above offering to the shareholders of the Company of new shares for subscription will, if duly authorized by a resolution of the shareholders of the Company passed by special majority required at the Extraordinary General Meeting, give rise to an adjustment of the conversion price in accordance with condition 5(c) of the bonds. This adjustment will become effective as of the date upon which the said resolution of the shareholders of the Company is passed and is expected to become effective on 18th September, 1980 and subsequently announced on 19th September, 1980.
The bondholders are also advised that the effect of exercising the conversion right in respect of any bonds pending the effective date of the adjustment of the conversion price will be that the conversion date in repect of such bonds will be the earlier of the day following the date of the shareholder's resolution authorizing the offer and 15th October, 1980.

Bagsvaerd, 28th August, 1980
Novo Industri A/S

Signed by the Board of Directors

NOVO

NOTICE OF MEETING

To the Holders of

Itel Finance International N. V.

9¾% Guaranteed Debentures due 1988
9¾% Guaranteed Debentures due 1990
10½% Guaranteed Debentures due 1993

NOTICE IS HEREBY GIVEN, in connection with the above-mentioned Debentures issued under Indentures dated as of April 1, 1978, October 1, 1978 and May 1, 1979, respectively, with Itel Finance International N.V. as Issuer and Itel Corporation as Guarantor, that J. Henry Schroder Bank & Trust Company as Successor Indenture Trustee has called a meeting of Holders of the above-mentioned Debentures for September 9, 1980 at 10 a.m. at The Tower Hotel, St. Katherine's Way, London E.1 England, and that the agenda of such meeting will consist of matters relating to the current financial circumstances of Itel Corporation and its efforts in the restructuring of its debt as set forth in a press release issued by Itel Corporation on August 22, 1980. An officer of J. Henry Schroder Bank & Trust Company and its counsel will be present at the meeting, as well as an officer of Itel, its counsel and a representative of Goldman, Sachs & Co., its financial advisor.

Holders who wish to obtain a copy of the aforementioned press release may contact J. Henry Schroder Bank & Trust Company by mail or telephone, attention: George R. Sievers, First Vice President, J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015—(212) 269-6500.

J. HENRY SCHRODER BANK & TRUST COMPANY
as Successor Indenture Trustee

CURRENCIES, MONEY and GOLD

هكذامن الأحوال

Sterling firm

Sterling rose to a new five and a half year high in the foreign exchange market yesterday, in trading curtailed by the closure of U.S. centres for a public holiday. The pound's trade weighted index rose to 76.5 from 76.2 on Friday, having stood at 76.2 at noon and in the morning.

The rise over $2.40 in New York on Friday gave rise to a certain amount of short covering in London yesterday, and the pound was further underpinned by demand from European centres. Against the dollar it opened at $2.4030-2.4040, and eased initially to $2.400-2.4010 on small dollar demand. During the afternoon however, further demand pushed sterling to a best level of $2.4130-2.4150, before finishing at $2.4065-2.4075, its highest closing level since March 1975.

Sterling rose a new four-year high against the D-mark, closing at DM 4.30 against DM 4.2950, and finished at FFr 10 in terms of the French franc compared with FFr 9.9575 on Friday.

The dollar was slightly weaker overall, but finished close to its best level of the day. Against the D-mark it was quoted at DM 1.7875 against DM 1.7910, and SwFr 1.6455 from SwFr 1.6485. The U.S. unit was also firmer against the Japanese yen, finishing at Y217.90 from Y219. On Bank of England figures, the dollar's trade weighted index eased to 83.8 from 84.1.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy, and the sharp fall in U.S. interest rates led to a decline in the dollar against the German currency—Trading was generally dull in Frankfurt yesterday with the closure of U.S. centres for a national holiday. The dollar was fixed at DM 1.7860 compared with DM 1.7923 on Friday, and there was no intervention by the Bundesbank. Within the EMS the D-mark was slightly firmer, with the French franc quoted at DM 43.03 per FFr 100 against DM 43.035, and the Dutch guilder fixed at DM 91.79 per Fl 100 compared with DM 91.81. Sterling continued to show a firmer tendency, rising to DM 4.2910 from DM 4.2900.

BELGIAN FRANC—Remaining steady within the EMS despite continued easing of domestic interest rates, including two cuts in the central bank discount rate in the past three months—The Belgian franc was mixed at yesterday's fixing in Brussels, improving against the D-mark and Danish krone, but weakening in terms of the Dutch guilder and sterling. The D-mark was lower at BFr 16.0575 compared with BFr 16.0615, while the Danish krone slipped to BFr 5.182 from BFr 5.1885. On the other hand the Dutch guilder rose at the fixing to BFr 4.745 from BFr 14.7445, and sterling was higher at BFr 68.91 against BFr 68.845. The U.S. dollar slipped to BFr 28.69 from BFr 28.78.

JAPANESE YEN—Steadier recently, reflecting the relatively successful fight against inflation which allowed a cut in the discount rate last month, and also helped by the sharp fall in U.S. interest rates earlier this year—The yen was much firmer against the dollar in Tokyo yesterday, with the U.S. unit being sold quite heavily during the day. The dollar recovered a little at the close to Y217.50, but was still down from Friday's close of Y219.20.

THE POUND SPOT AND FORWARD

Sept. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4000-2.4150	2.4065-2.4075	1.10-1.00c pm	5.23	2.7b-2.66 pm	4.50
Canada	2.7760-2.7925	2.7830-2.7850	1.56-1.45c pm	6.47	4.05-3.95 pm	5.75
Nethlnd.	4.66-4.67½	4.68½-4.65½	3-2c pm	6.40	7¼-6¼ pm	5.76
Belgium	68.75-69.30	69.05-69.15	32-22c pm	4.69	75-65 pm	3.47
Denmark	13.26-13.37	13.32-13.33	1⅛-2⅞ore dis	−1.91	6¼-7¼ dis	−2.10
Ireland	1.1405-1.1440	1.1420-1.1430	0.20-0.25p dis	−2.36	0.40-0.45dis	−1.49
W. Ger.	4.27½-4.33	4.29½-4.30½	3½-2½pf pm	8.37	9-8 pm	7.91
Portugal	118.70-120.00	119.35-119.55	5c pm-35 dis	−1.51	30pm-65dis	−0.59
Spain	174.30-175.35	174.80-175.00	70-120c dis	6.52	265-345 dis	−6.98
Italy	2040-2055	2045½-2047½	17½-20½lire dis	−11.14	61-64 dis	−12.21
Norway	11.55-11.67	11.62½-11.63½	3½-1⅞ore pm	2.64	8⅞-7⅞ pm	2.79
France	9.93-10.03	9.99½-10.00½	4½-3½c pm	3.60	11½-10½ pm	4.40
Sweden	9.98-10.05	10.00¾-10.01¾	½ore pm-¼ dis	0.15	¾ pm-par	0.15
Japan	521-526	524-525	2.45-2.05y pm	5.15	6.80-6.40pm	5.03
Austria	30.30-20.55	30.43-30.48	16-13gro pm	5.71	40-35 pm	4.93
Switz.	3.94-3.98	3.95½-3.96½	4-3c pm	10.61	10⅞-9⅞ pm	6.93

Belgian rate is for convertible francs. Financial franc 70.15-70.25. Six-month forward dollar 4.35-4.30c pm. 12-month 6.20-6.10c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4000-2.4150	2.4065-2.4075	1.10-1.00c pm	5.23	2.76-2.66 pm	4.50
Ireland†	2.1025-2.1050	2.1030-2.1050	0.45-0.35c pm	5.28	1.35-1.25 pm	2.47
Canada	1.1558-1.1570	1.1567-1.1570	0.10-0.06c pm	0.83	0.37-0.32 pm	1.19
Nethlnd.	1.9440-1.9475	1.9460-1.9470	0.20-0.10c pm	0.92	0.68-0.58 pm	1.29
Belgium	28.66-28.72	28.70-28.72	par-2c dis	−0.42	1.4 dis	−0.35
Denmark	5.5285-5.5385	5.5370-5.5385	3¼-4¼ore dis	−8.67	9¼-9¾ dis	−6.86
W. Ger.	1.7820-1.7885	1.7870-1.7880	0.46-0.42pf pm	2.95	1.54-1.49 pm	3.39
Portugal	49.48-49.68	49.53-49.63	15-35c dis	−6.05	40-80 dis	−4.84
Spain	72.62-72.73	72.62-72.67	50-70c dis	−9.91	185-205 dis	−10.74
Italy	850.00-850.80	850.15-850.45	10-13lire dis	−16.23	33-36dis	−16.23
Norway	4.8280-4.8340	4.8325-4.8340	1½-2ore dis	−4.34	1.90-2.40dis	−1.78
France	4.1450-4.1565	4.1535-4.1555	par-0.15c dis	0.22	par-0.15dis	−0.07
Sweden	4.1590-4.1640	4.1590-4.1605	1.50-1.65ore dis	−4.54	4.15-4.30dis	−4.06
Japan	217.10-219.95	217.85-217.95	0.10y pm-0.05 dis	0.14	0.45-0.25 pm	0.64
Austria	12.63-12.66	12.65-12.66	0.70-0.10gro pm	0.38	2.50-0.75 pm	0.51
Switz.	1.6415-1.6470	1.6450-1.6460	0.78-0.73c pm	5.50	2.52-2.47 pm	6.06

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Sept. 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.5	Un'via'ble
U.S. dollar	83.8	"
Canadian dollar	81.3	"
Austrian schilling	156.2	"
Belgian franc	115.1	"
Danish kroner	106.4	"
Deutsche mark	154.4	"
Swiss franc	197.1	"
Guilder	126.1	"
French franc	101.0	"
Lira	52.6	"
Yen	130.7	"

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.549735	0.589946
U.S. $	10	1.31529	1.41086
Canadian $	10.74	1.52219	1.63236
Austria Sch	6¾	16.6897	17.9179
Belgium F	12	37.8540	40.5974
Danish K	13	7.29789	7.83096
D'mark	7½	2.35739	2.52896
Guilder	9	2.56768	2.75441
French Fr.	9½	5.47818	5.87692
Lira	15	1122.93	1204.52
Yen	8.25	288.049	308.978
Norwgn. Kr.	9	6.36535	6.82925
Spanish Pts.	8	95.7531	102.739
Swedish Kr.	10	5.48686	5.88496
Swiss Fr.	3	2.17154	2.32932

OTHER CURRENCIES

Sept. 1	£	$		£ Note Rates
Argentina Peso	4578-4598	1907-1915	Austria	30.15-30.45
Australia Dollar	2.0595-2.0635	0.8565-0.8570	Belgium	69.60-70.10
Brazil Cruzeiro	133.82-134.82	55.645-55.845	Denmark	13.18-13.28
Finland Markka	8.80½-8.81½	3.6525-3.6535	France	9.93-9.99
Greek Drachma	101.995-104.469	42.60-42.75	Germany	4.27-4.31
Hong Kong Dollar	11.90-11.92	4.9415-4.9435	Italy	2020-2110
Iran Rial	n.a.	n.a.	Japan	522-527
Kuwait Dinar (KD)	0.639-0.645	0.2671-0.2672	Netherlands	4.65¾-4.69¾
Luxembourg Frc.	69.05-69.15	28.70-28.72	Norway	11.54-11.64
Malaysia Dollar	5.1525-5.1725	2.1395-2.1415	Portugal	115-122
New Zealand Dlr.	2.4425-2.4475	1.0150-1.0160	Spain	170¼-179
Saudi Arab. Riyal	7.94-8.00	3.3185-3.3205	Sweden	9.94-10.04
Singapore Dollar	5.1100-5.1300	2.1225-2.1245	Switzerland	3.93½-3.96½
Sth. African Rand	1.8185-1.8195	0.7555-0.7560	United States	2.39¾-2.40¾
U.A.E. Dirham	8.82-8.88	3.6880-3.6900	Yugoslavia	70-74½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6070	+2.05	+0.78	±1.53
Danish Krone	7.72336	7.83884	+1.50	+0.23	±1.64
German D-Mark	2.48208	2.52905	+1.89	+0.62	±1.125
French Franc	5.84700	5.88002	+0.56	−0.71	±1.3557
Dutch Guilder	2.74362	2.75496	+0.41	−0.86	±1.512
Irish Punt	0.668201	0.673015	+0.72	−0.55	±1.668
Italian Lira	1157.79	1204.26	+4.01	+2.85	±4.06

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 1	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.407	4.300	524.5	10.00	3.960	4.690	2047.	2.784	69.10
U.S. Dollar	0.415	1.	1.786	217.9	4.155	1.645	1.948	850.3	1.157	28.71
Deutschemark	0.233	0.560	1.	122.0	2.326	0.921	1.091	476.0	0.647	16.07
Japanese Yen 1,000	1.907	4.589	8.198	1000.	19.07	7.550	8.942	3902.	5.308	131.7
French Franc 10	—	—	—	—	—	—	—	—	—	—
Swiss Franc	0.253	0.608	1.086	132.4	2.525	1.	1.184	516.9	0.703	17.45
Dutch Guilder	0.213	0.513	0.917	111.8	2.132	0.844	1.	436.4	0.594	14.73
Italian Lira, 1,000	0.489	1.176	2.101	256.3	4.886	1.935	2.291	1000.	1.360	33.76
Canadian Dollar	0.359	0.865	1.545	188.4	3.592	1.422	1.685	735.2	1.	24.82
Belgian Franc 100	1.447	3.483	6.223	759.0	14.47	5.731	6.787	2962.	4.029	100.

FT LONDON INTERBANK FIXING (11.00 a.m, SEPTEMBER 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 12	offer 12 1/8	bid 12 5/16	offer 12 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Sept. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16¾-17¼	10-10¼	9½-11	10 5/16-10 7/16	2-2¼	8¾-8⅞	11½-12	14-18	10⅝-10¾	11¼-11¾
7 days' notice	16½-17	10⅜-10⅝	9½-11	10½-10 11/16	4¼-4½	8 7/16-8 9/16	11½-12	20¼-24¼	10⅞-11	11½-11¾
Month	16¾-17	11 3/16-11 5/16	10¼-10⅝	10½-10 11/16	5⅞-6	8⅝-8¾	11⅞-12⅛	26¾-28¾	11⅞-12	11⅝-11⅞
Three months	16⅝-16⅞	11 13/16-12 1/16	10⅝-11	10½-10 11/16	5⅞-6	8½-8⅝	12-12¼	28½-29½	12-12⅛	11⅜-11½
Six months	16¼-16½	12 3/16-12 7/16	11⅛-11½	10½-10 11/16	5 11/16-5 13/16	8⅜-8½	12¼-12½	28½-29½	12⅜-12½	10⅝-10⅞
One Year	15¼-15½	12 5/16-12 7/16	11⅜-11¾	10⅝-10⅞	5½-5⅝	8 7/16-8 9/16	12½-12¾	26½-27½	12 1/16-12 3/16	9⅝-9⅞

Long-term Eurodollar two years 12⅞-12¾ per cent; three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rate in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 11.10-11.20 per cent; three-months 10.80-10.90 per cent; six-months 11.90-12.00 per cent; one year 11.80-12.00 per cent.

INTERNATIONAL MONEY MARKET

French rates firm

Paris call money rose to 11⅜ per cent from 11¼ per cent yesterday, and period rates were also firmer following action to increase money market rates by the Bank of France at the end of last week. The authorities decision to push up French interest rates came after a decline of the franc in foreign exchange trading. The French currency, which has been the strongest member of the European Monetary System for most of this year, fell from top position at the end of the previous week, to be replaced by first the Irish punt and now the Dutch guilder.

Rates are expected to remain firm if the poor trade and inflation figures for July put further pressure on the franc.

In Germany call money rose to 9.5-9.6 per cent from 8.9-9.1 per cent, while term rates were unchanged at 9.20-9.30 per cent for one-month; 8.90-9.00 per cent for three-month; 8.65-8.75 per cent for six-month; and 8.35-8.45 per cent for 12-month.

In Japan the average loan interest rate charged by commercial banks rose by 0.075 per cent in July from June, to 8.893 per cent annually. Rates also rose during the first 20 days of August but moved down following the cut to 8¼ per cent from 9 per cent in the central bank discount rate.

UK MONEY MARKET

Extreme shortage

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

An exceptionally large excess of revenue payments to the Exchequer over Government disbursements was the major factor behind the shortage of day-to-day funds in the London money market yesterday. This was the result of the payment of petroleum revenue tax, and was only partly offset by a small decrease in the note circulation, and small surplus balances carried over from Friday by the banks.

The authorities gave assistance on an extremely large scale by buying a small amount of Treasury bills from the houses and banks, and a small number of local authority bills from the houses, while also buying a large amount of eligible bank bills for resale at a fixed future date. The help was completed by making moderate loans to four or five houses at Minimum Lending Rate, for repayment on Wednesday.

Discount houses paid between 15½ per cent and 16 per cent for secured call loans. In the interbank market overnight loans touched 17¾-18 per cent on expectations of the shortage, but fell to 14-15 per cent before closing at 16½-16¾ per cent.

GOLD

Slight fall

Gold lost $4 an ounce in the London bullion market yesterday to close at $627-630. Trading was extremely subdued with the closure of U.S. centres for a public holiday. The metal opened at $626-629 and traded within a very narrow range. It was fixed at $626.25 during the morning, and $628.75 in the afternoon.

In Paris the 12½ kilo bar was fixed at FFr 84,400 per kilo ($632.17 per ounce) compared with FFr 84,500 ($633.87) in the morning, and FFr 85,800 ($640.72) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,015 per kilo ($627.47 per ounce) against DM 36,555 ($634.49) previously, and closed at $628-630 compared with $630-633 an ounce on Friday.

GOLD

	Sept 1		Aug. 29	
Gold Bullion (fine ounce)				
Close	$627-630	(£260-261¼)	$631-634	(£263½-264¾)
Opening	$626-629	(£260½-261¾)	$632-635	(£264¼-265¾)
Morning fixing	$626.25	(£260.558)	$633.75	(£265.090)
Afternoon fixing	$628.75	(£260.676)	$631.25	(£263.901)
Gold Coins				
Krugerrand	$649-651	(£269¼-271¼)	$652-654	(£272-274)
Mapleleaf	$643-646	(£266½-269½)	$646-650	(£269½-272½)
New Sovereigns	$159¾-160¾	(£66¼-67¼)	$160½-161½	(£67-68)
King Sovs	$190-191½	(£78¾-79¾)	$191-191½	(£79¼-80¼)
Victoria Sovs	$190-191½	(£78¾-79¾)	$191-191½	(£79¼-80¼)
French 20s	$161-164		$161-162	
50 pesos Mexico	$778-781		$781-784	
100 Cor. Austria	$615-618		$617-620	
$20 Eagles	$755-758		$755-758	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK	
Prime Rate	11½
Fed. Funds	10½-10¾
Treasury Bills (13-week)	9.95
Treasury Bills (26-week)	10.30
GERMANY	
Discount Rate	9.55
Overnight Rate	9.25
One month	8.95
Three months	8.70
Six months	8.40
FRANCE	
Discount Rate	9.5
Overnight Rate	11.375
One month	11.6875
Three months	11.6875
Six months	11.8125
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.5
Bills Discount (three-month)	11.4375

LONDON MONEY RATES

Sept. 1 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	14-18	—	—	—	17⅛-17¾	16½-16	—	—	—
2 days notice	—	—	17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17⅛	17-17⅛	—	17⅜	17⅝-13¾	15¾-16	—	—	—
One month	16 13/16-16 11/16	16 15/16-17	17	17½-17⅞	17¼	17¼-17½	15¾-15⅞	15	16 1/16-16 3/16	17
Two months	16⅞-16⅝	16¾-16 15/16	—	16⅞-17⅛	17⅛	—	15⅜-15½	15	16 5/16	16¾
Three months	16¾-16 9/16	16 15/16-17	16¾-16⅞	16½-17	17⅛	17¼-17½	15¼	14 13/16-15⅛	15 15/16	16⅝
Six months	16 1/16-15⅞	16 7/16-16 5/16	16¼	16-16⅛	16½	16¾	—	—	14⅞-14 13/16	15½
Nine months	15 15/16-15 13/16	15 15/16-15 13/16	—	15½-15⅞	15⅝	16¼	—	—	—	—
One Year	14 15/16-14 13/16	15 15/16-15 11/16	15-15¼	14⅞-15¼	15½	16	—	—	—	—
Two years	—	—	14½-14¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅛-14¼ per cent; four years 13⅞-14 per cent; five years 14 per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15¾-15 11/16 per cent; four-month trade bills 16⅜ per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14 15/16 per cent; two-months 14⅞-14 15/16 per cent; three-months 14 29/32-15 per cent. Approximate selling rate for one-month bank bills 16 3/16-16 7/16 per cent; two-months 16 3/16 per cent; three-months 15 11/16-15 27/32 per cent; one-month trade bills 17 per cent; two-months 16¾ per cent; and three-months 16⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from September 1, 1980. Clearing Bank Rates for lending 16 per cent. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Treasury Bills: Average tender rates of discount 14.9497 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 1, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	105.0
Albania	Lek	10.15
Algeria	Dinar	9.2055
Andorra	French Franc	10.00
	Spanish Peseta	174.90
Angola	Kwanza	70.3505
Antigua (S)	E. Caribbean $	6.50
Argentina	Ar. Peso Free Rate	4,588.0
Australia (S)	Australian $	2.0615
Austria	Schilling	30.455
Azores	Portug. Escudo	119.45
Bahamas (S)	Ba. Dollar	2.4070
Bahrain (S)	Dinar	0.907
Balearic Isles	Spa. Peseta	174.90
Bangladesh (S)	Taka	36.05
Barbados (S)	Babados $††	4.8140
Belgium	B. Franc	(cm) 69.10 / (fn) 70.20
Belize	B $	4.8140
Benin	C.F.A. Franc	500.0
Bermuda (S)	Bda $	2.4070
Bhutan	Indian Rupee	18.54
Bolivia	Bolivian Peso	60.05
Botswana (S)	Pula	1.8620
Brazil	Cruzeiro ‡‡	134.32
Brit. Virgin Isles (S)	U.S. $	2.4070
Brunei (S)	Brunei $	5.1200
Bulgaria	Lev	2.0087
Burma	Kyat	16.15
Burundi	Burundi Franc	213.975
Cameroon Republic	C.F.A. Franc	500.0
Canada	Canadian $	2.7840
Canary Islands	Spanish Peseta	174.90
Cape Verde Isle.	Cape V. Escudo	87.70
Cayman Islands (S)	Cay. Is. $	2.0060
Cent. Af. Repub.	C.F.A. Franc	500.0
Chad	C.F.A. Franc	500.0
Chile	C. Peso	(Bk) 93.69
China	Renminbi Yuan	3.5000
Colombia	C. Peso	(F) 115.70
Comoro Islands	C.F.A. Franc	500.0
Congo (Brazaville)	C.F.A. Franc	500.0
Costa Rica	Colon	20.70
Cuba	Cuban Peso	1.6550
Cyprus (S)	Cyprus £	0.8330
Czechoslovakia	Koruna	(com) 12.65 / n/c 22.03 / (T) 21.61
Denmark	Danish Krone	13.325
Djibouti	Fr.	410 (sg)
Dominica (S)	E. Caribbean $	6.50
Dominican Repub.	Dominican Peso	2.4070
Ecuador	Sucre	(O) 60.24 / (F) 65.46
Egypt	Egyptian £	(U) 1.69
Equatorial Guinea	Ekpwele	174.90
Ethiopia	Ethiopian Birr	(P) 4.9250
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.325
Fiji Islands	Fiji $	1.9280
Finland	Markka	8.81
France	French Franc	10.00
French C'tyin Af*	C.F.A. Franc	500.0
French Guiana	Local Franc	10.00
French Pacific Is.	C.F.P. Franc	167 (sg)
Gabon	C.F.A. Franc	500.0
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.30
Germany (West)	Deutsche Mark	4.30
Ghana (S)	Cedi	6.58
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	103.227
Greenland	Danish Kroner	13.32½
Grenada (S)	E. Caribbean $	6.50
Guadaloupe	Local Franc	10.00
Guam	U.S. $	2.4070
Guatemala	Quetzal	2.4070
Guinea Republic	Syli	45.15
Guinea Bissau	Peso	80.45
Guyana (S)	Guyanese $	6.1380
Haiti	Gourd	12.03
Honduras Repub.	Lempira	4.8200
Hong Kong (S)	H.K. $	11.91
Hungary	Forint	(com) 76.5950 / (T)(nc) 54.7782
Iceland (S)	I. Krona	1,198.8
India (S)	Ind. Rupee	18.54
Indonesia	Rupiah	1,501.25
Iran	Rial	n/a
Iraq	Iraq Dinar	0.7102
Irish Republic (k)	Irish £	1.1425
Israel	Shekel	13.5
Italy	Lira	2,046.75
Ivory Coast	C.F.A. Franc	500.0
Jamaica (S)	Jamaica Dollar	4.2930
Japan	Yen	524.5
Jordan (S)	Jordan Dinar	0.700 (sg)
Kampuchea	Riel	2,888.4
Kenya (S)	Kenya Shilling	17.575
Kiribati	Australian $	2.0615
Korea (Nth)	Won	2.02 (‖)
Korea (Sth)	Won	1,471.22
Kuwait	Kuwait Dinar	0.642
Laos	Kip Pot Po	38.45
Lebanon	Lebanese £	8.2195
Lesotho	Loti	1.8190
Liberia	Liberian $	2.4070
Libya	Libyan Dinar	0.7125
Liechtenstein	Swiss Franc	3.96
Luxembourg	Lux Franc	69.10
Macao	Pataca	12.75
Madeira	Portug'se Escudo	119.45
Malagasy Republic	MG Franc	500.0
Malawi (S)	Kwacha	1.91
Malaysia (S)	Ringgit	5.1625
Maldive Islands (S)	Mal Rupee	9.44
Mali Republic	Mali Franc	1,000.0
Malta (S)	Maltese £	0.818
Martinique	Local Franc	10.00
Mauritania	Ouguiya	100.40
Mauritius (S)	M. Rupee	18.30
Mexico	Mexican Peso	55.44
Miquelon	C.F.A. Franc	500.0
Monaco	French Franc	10.00
Mongolia	Tugrik	(o) 6.74 (‖)
Montserrat	E. Caribbean $	6.50
Morocco	Dirham	9.14 (sg)
Mozambique	Metical	67.60
Nauru	Australian Dollar	2.0615
Nepal	Nepalese Rupee	28.80
Netherlands	Guilder	4.69
Netherland Antilles	Antillian Guilder	4.3085
New Hebrides	See VANUATU	
New Zealand (S)	N. Z. Dollar	2.4450
Nicaragua	Cordoba	24.025
Niger Republic	C. F. A. Franc	500.0
Nigeria (S)	Naira	1,270648 (sg)
Norway	Norway Krone	11.6325
Oman Sul;tate of (S)	Rial Omani	0.830
Pakistan	Pakistan Rupee	25.62
Panama	Balboa	2.4070
Papua N.Guinea (S)	Kina	1.6790
Paraguay	Guarani	302.71
Peru	Sol	exc (A) 569.60
Philippines	Philippine Peso	17.60
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4450
Poland	Zloty	(Cm) 71.69 / (T) 71.69
Portugal	Portugu'se Escudo	119.45
Puerto Rico	U.S. $	2.4070
Qatar (S)	Qatar Ryal	8.74
Reunion Ile de la	French Franc	10.00
Romania	Leu	(Cm) 10.48 / (n/c) T28.15
Rwanda	Rwanda Franc	218.67
St. Christopher (S)	E. Caribbean $	6.50
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	6.50
St. Pierre	Local Franc	10.00
S. Vincent (S)	E. Caribbean $	6.50
Salvador El	Colon	6.00
Samoa American	U.S. $	2.4070
San Marino	Italian Lira	2,046.75
Sao T'oe&Principe	Dobra	82.75
Saudi Arabia	Ryal	7.97
Senegal	C.F.A. Franc	500.0
Seychelles	S. Rupee	15.00 (sg)
Sierra Leone (S)	Leone	2.4809
Singapore (S)	Singapore $	5.1200
Solomon Islands (S)	Solomon Is. $	1.9520
Somali Republic	Somali Shilling	(A) 14.45
South Africa (S)	Rand	1.8190
South West African Territories (S)	S. A. Rand	1.8190
Spain	Peseta	174.90
Spanish ports in North Africa	Peseta	174.90
Sri Lanka (S)	S. L. Rupee	39.06
Sudan Republic	Sudan £ (1)	1.20
Sudan Republic	Sudan £ (2)	1.92
Surinam	S. Guilder	4.3085
Swaziland (S)	Lilangeni	1.8190
Sweden	S. Krona	10.0125
Switzerland	Swiss Franc	3.96
Syria	Syria £	(A) 9.4305
Taiwan	New Taiwan $	86.65
Tanzania (S)	Tan. Shilling	19.40
Thailand	Baht	48.90
Togo Republic	C.F.A. Franc	500.0
Tonga Islands (S)	Ha'anga	2.0615
Trinidad (S)	Trinidad & Tob. $	5.7770
Tunisia	Tunisian Dinar	0.951 (SG)
Turkey	Turkish Lira	186.40
Turks & Caicos	U.S. $	2.4070
Tuvalu	Australian $	2.0615
Uganda (S)	Uganda Shilling	17.57
United States	U.S. Dollar	2.4070
Uruguay	Uruguay Peso	(cm) 22.23 / (fn) 22.23
Utd. Arab Emirates	U.A.E. Dirham	8.85
U.S.S.R.	Rouble	1.5462
Upper Volta	C.F.A. Franc	500.0
Vanuatu	Franc	155 (SG)
	Aust. Dollar	2.0615
Vatican	Italian Lira	2,046.75
Venezuela	Bolivar	10.31
Vietnam	Dong	(O) 5.25 / (T) 4.9565 (‖)
Virgin Islands U.S.	U.S. Dollar	2.4070
Western Samoa S.	Samoan Tala	2.1825
Yemen (Nth)	Ryal	10.87 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.8220
Yugoslavia	New Y Dinar	65.8389
Zaire Republic	Zaire	6.929769
Zambia	Kwacha	1.86
Zimbabwe	Zimbabwe $	1.5113

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 101.10. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian roubles. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports.

Britain's tyre industry slims down

BY LORNE BARLING

THE BRITISH tyre industry, which has suffered a series of devastating blows in the past few years, partly as the result of its own failure to foresee fundamental product developments, believes that it may now be over the worst.

Even limited optimism may seem out of place at a time when British car output is still falling and the shockwaves from the motor industry's decline are being felt throughout the British motor component industry.

The tyre industry's problems, however, have not just been the result of the contraction of the motor industry. The list of factors that have affected it is one familiar in so much of British industry: outdated plant, overmanning, failure to adjust to a changing market and fierce competition from imports.

Of the three major tyre makers in the British market—Michelin, Dunlop and Goodyear—only Michelin can feel reasonably content with its performance over the past few years. Underpinned by the steel radial tyre which it pioneered, Michelin now has the largest share of the British market (24 per cent) displacing Dunlop (23 per cent) and Goodyear (21 per cent). And Michelin is now also Britain's largest tyre exporter.

For most of the smaller companies the picture is no better—the unprecedented severity of the present recession is likely to mean at least one more tyre plant closure in Britain over the next 12 months: Firestone, which has an estimated 8 per cent of the UK market, last year shut down its Brentford plant, sold off its All Tyres retail outlet, and closed its Wrexham plant this month.

Uniroyal has withdrawn from European tyremaking by selling its operations to the West Germany company, Continental Gummi-Werke, while other smaller manufacturers in the UK such as Pirelli are facing extreme difficulties without volume production to restrain costs.

Imports

The result of the recent closure of Firestone's Wrexham plant will be an increase in imports, mainly from the U.S.-owned company's plant on the Continent. Around 27 per cent of all tyres sold in the £507m UK market are now imported, mainly from Eastern Europe, and by companies such as Michelin, the biggest importer.

An ominous result of Firestone's problems is the interest being shown by the Japanese company, Bridgestone, in the relatively modern Wrexham plant. This is a highly competitive company which many fear will soon mount a challenge in Europe.

At present, however, there is no serious threat to the supremacy of Michelin which leads in most EEC markets. Only Continental, which recently acquired Klebert in France, is showing real growth, but it is faced with a period of consolidation.

Dunlop and Goodyear have certainly been fighting back in the past year and they claim that the results of their rationalisation are already beginning to be felt.

In the UK tyre industry as a whole the number of workers has fallen from 47,000 in 1973 to around 31,000 this year. Dunlop, which lost £11m on tyres last year, has shut its Speke plant with the loss of 2,400 jobs and cut 1,750 jobs at Fort Dunlop in Birmingham.

Goodyear, meanwhile, has shut its Drumchapel plant in Scotland with the loss of 700 jobs and has shed a further 1,000 at its Wolverhampton plant. Last year after three years of losses the company suffered a record £21.4m loss.

Both companies, however, have been spending heavily on re-equipment and modernisation and they believe that the tyre industry which is now emerging will be able to meet its competition much more effectively than in the recent past.

Dunlop, which recently received £6.1m from the Government to assist its recovery has been investing in modern tyre making equipment at Fort Dunlop and its Washington plant, its major car tyre production unit, which it now claims to be one of the most efficient plants in Europe.

Sir Campbell Fraser, Dunlop's chairman pointed out to a parliamentary select committee recently that the number of cars produced in the UK had halved since 1972. In that year, 28.3m car tyres were sold, compared with 21m last year.

At the same time imports have risen steadily, and depressed prices to the extent that margins have been eroded and profits reduced. In the second quarter of last year, import penetration of the replacement market for car tyres rose to 63 per cent, compared with 38 per cent in 1977.

The replacement market has also been successfully exploited by Continental manufacturers, since motorists often replace tyres on imported cars with the same make, particularly when times are hard, and they buy one or two new ones, rather than replace the set. Michelin, which has six factories in the UK, employing around 15,000 people, has been able to use this to its advantage.

Efforts by Dunlop to counter the foreign invasion by improving its sales on the Continent have had depressing results, with losses in a number of EEC countries, although there has been some improvement lately. There are also signs that its revolutionary Denova 2 "run flat" tyre is gaining popularity in France and Italy.

Dunlop's strategy now has two main planks:

First, and as a stop gap, it has been rapidly modernising its admittedly ageing range of tyres and improving their quality. The Government money must be spent on new tyre making equipment. Dunlop is now pressing ahead with a product development programme centred on a major investment in truck tyre production at Fort Dunlop, scheduled for completion by 1981, and a new range of car tyres.

Mr. Colin Hope, director of UK tyre production, says that the company's continuing redundancies are more a result of its efforts to reduce costs than because of falling demand, and its major aim now is to sell competitively in the replacement market.

Second, and linked to the introduction of modern manufacturing equipment, the company is seeking to improve product quality, thus further lengthening tyre life and enhancing its reputation. "We want to be ready at the end of the recession to take a large share of the UK market, and we are already emerging as a slimmer, more efficient company," Mr. Hope said.

U.S. parent

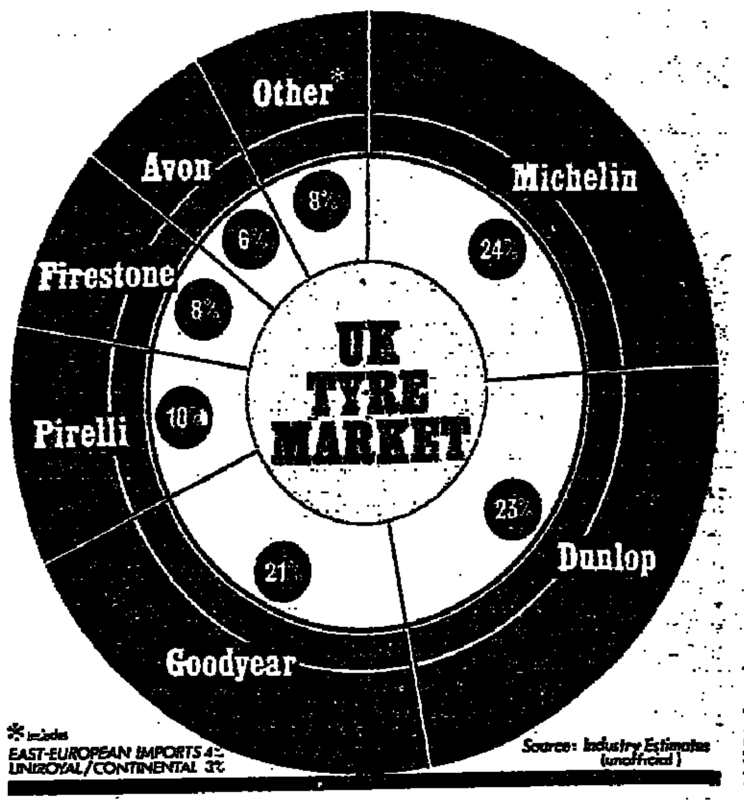
Goodyear's continued tyre production in the UK has depended largely on the faith of its U.S. parent, which may not be everlasting, although the company believes it is on its way to recovery after three years of losses, culminating in a pre-tax loss of £21.4m last year.

Significantly, the value of Goodyear's exports from the UK last year, including its range of other rubber products, increased from £29m to £41m, and improved margins on exports as the result of better productivity will be helpful, but much depends on the rate of inflation and the value of sterling.

Goodyear is spearheading its attack on the UK car tyre market with its new Grand Prix Plus S as advertised on television by Sir Robert Mark, and its G. Series range of truck tyres, which have been favourably received so far.

Michelin by contrast to other UK manufacturers, is something of a success story. It has made after tax profits of £20m last year and £18m in 1978, but it is curiously reluctant to comment on its present or future strategy.

Its success has been based partly on its long life tyres and steady investment, although it too has been hampered by limited profitability which is low when seen in the light of a turnover in Britain of £424m last year.



The major benefactor from the industry's problems over the past few years, has undoubtedly been the consumer, who is now paying much the same price in real terms for his tyres as he was seven or eight years ago, while benefiting from greater safety, improved performance and a much longer life.

Britain is now among the most competitive markets in the world for tyres. Price competition is fierce and last year prices were forced so low by East European imports that the British Rubber Manufacturers Association was obliged to go to the EEC Commission to seek anti-dumping measures. However, imports from this source were generally regarded as an irritant rather than a threat in an industry with far more serious difficulties.

Dunlop's deal with Pirelli, which was formalised at the start of 1971, has still to yield the advantages once so optimistically envisaged. Although Dunlop has a 49 per cent interest in Pirelli's EEC operations, and 40 per cent elsewhere, and Pirelli similar holdings in Dunlop, the two companies compete in most markets. But Pirelli's recently mediocre performance has not been of great benefit to Dunlop.

Dunlop has also been concerned recently about some clandestine buying of its shares in the Far East. The company believes that a stake of up to 20 per cent has been bought, and has asked the Department of Trade to appoint inspectors to look into the matter.

As to the future, opinions are mixed. The National Economic Development Council's sector working party on tyres believes that only by tackling the basic problems of the motor industry can tyre companies avert further decline and the continuing worsening of the balance of trade in tyres.

The somewhat startling conclusion of the NEDC is that a recovery can be achieved at this late stage only by inviting the Japanese motor industry to embark on volume vehicle production in the UK, either independently or in conjunction with UK companies.

Whether that, or something similar, can be done remains to be seen. The efforts of the tyre companies to put their own houses in order can, perhaps, be applauded. But it is to be doubted if they are yet sufficient to restore the industry as a whole to good health. As one observer points out, some British motor-cycle companies were profitable right up to the point of that industry's extinction.

APPOINTMENTS

Changes at French Kier Group

At FRENCH KIER HOLDINGS Mr. C. R. M. Livingston has been appointed a director. The following changes have been made to the boards of subsidiary companies: Mr. Livingston becomes a director and chairman of French Kier Products and Services. He remains a director of Kier International. Mr. E. R. Allen, a director of Kier International, becomes managing director. Mr. W. Fox becomes chairman of Kier International, relinquishing his appointment as managing director. Mr. J. C. S. Mott, the group chairman, relinquishes his appointment as chairman of French Kier Products and Services and Kier International but remains a director of both companies.

*

The BUILDING ADVISORY SERVICES (part of the NFBTE) safety and health division today reports the following staff changes. Mr. John Lomax, until now manager of the safety and health division, retains that post but in addition becomes the National Federation of Building Trades Employers' director, safety and health. Mr. Vic Lander becomes safety adviser. Mr. Richard Beales becomes health adviser. Mr. Tony McCrossan, formerly a construction safety officer and safety consultant, joins the team as safety and health administrator, a new post.

*

Dr. J. V. H. Pennings has been appointed chairman of OCE COPIERS (UK) which will from September market the Océ range of plain paper copiers in the UK. Mr. J. Steffens has been appointed a director and Mr. J. Devitt has been appointed a director and general manager.

*

Mr. Jacques Rambosson, general manager of BNP in Holland, has been appointed general manager of BANQUE NATIONALE DE PARIS LIMITED.

*

Captain Ian Rodger Charles Saunders has been appointed chairman of the sub-commissioners of pilotage for the Isle of Wight district of the TRINITY HOUSE PILOTAGE SERVICE in place of Captain John Edwards Bury who has retired.

*

Mr. R. A. Garrett has been appointed a non-executive director of THE STANDARD COMMERCIAL TOBACCO CO. INC., New York. He was until his retirement chairman and managing director of Imperial Tobacco, Bristol.

*

Mr. James R. Erwin, executive vice-president, has been transferred to FIRST NATIONAL BANK IN DALLAS' London offices, with responsibility for Europe, the Middle East, Africa and the Asia-Pacific area. Mr. Erwin will be acting general manager of the London branch and chairman of the Board of First Dallas Limited, the merchant banking subsidiary of First National Bank in Dallas. The previous chairman, Mr. Elvis L. Mason, chairman of First National Bank in Dallas, continues as a director of First Dallas Limited. Mr. Donald M. Johnston, vice-president, has also been transferred from Dallas, joining First Dallas Limited as associate director—corporate finance. Mr. Johnston will be responsible for the bank's international corporate finance activities with U.S. companies.

*

Mr. E. S. R. Warwick has been appointed a director of THOS. AND JAS. HARRISON from October 1.

*

Mr. John F. Watson has been appointed managing director of two Concentric Group companies, DELTA CONTROLS, Kingston-on-Thames, and DELTA TECHNICAL SERVICES, Portsmouth, in succession to Mr. A. J. V. Carpenter who has retired for health reasons. Mr. Watson was previously with constructors John Brown.

*

Mr. John S. Glanvill Smith, chairman, Glanvill Enthoven and Company, has been appointed a director of JARDINE MATHESON INSURANCE BROKERS. Following the acquisition of Glanvill Enthoven and Company by Matheson and Company, Mr. G. C. Rowett and Mr. M. H. W. Wells of the Charterhouse Group have resigned as directors of Glanvills.

*

Mr. G. Myers has been nominated as British Rail's representative on the INTERCONTAINER Board. Mr. Myers, a member of the British Railways Board, succeeds Mr. D. Bowick, who has retired from the Intercontainer Board. At the same time, Mr. Boender of the Dutch Railways (NS) and Mr. Naud of Interfrigo also left the board, their places being taken by Mr. L. W. Wansink, chief marketing manager of the Dutch Railways and Mr. W. Gritz, general manager of Interfrigo, respectively.

*

BABCOCK POWER has established an industrial and marine boiler division, the director and chief executive of which is Mr. D. R. Davidson.

*

Mr. S. C. Ashton, of Larpent Newton and Co., has joined the Board of CAVLAND.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

Business and Investment Opportunities

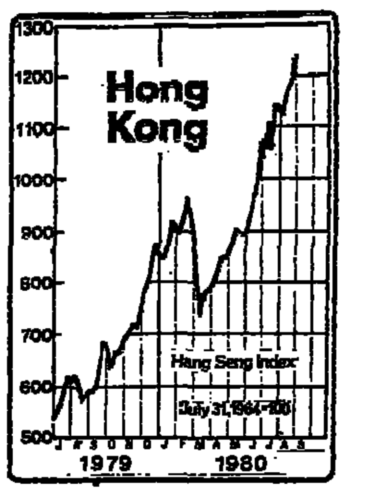
READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

WORLD STOCK MARKETS

Fresh upsurge in Hong Kong

AFTER REBOUNDING sharply last Friday as the market became confident that local Prime Rate would not be raised in the near future, stock prices in Hong Kong put on a fresh show of strength yesterday in extremely heavy dealings.

Sporadic profit-taking during the afternoon was easily absorbed, and the Hang Seng Index, which recouped about 20 points on Friday after a prior two-day fall of nearly 25 points, yesterday moved ahead 18.73 to 1,239.85. This is the highest level for the index since closing at



1,267.26 on February 8, 1973. Turnover on the four exchanges increased to HK$570.54m from last Friday's total of HK$505.06m.

Cheung Kong climbed 50 cents to HK$27.00, Hong Kong Land 80 cents to HK$19.30, Hutchison Whampoa HK$1.20 to HK$13.50 and Jardine Matheson 30 cents to HK$20.80. Wheelock Marden "A" added 20 cents at HK$6.30 and Sun Hung Kai Properties 40 cents at HK$16.20.

Markets in the U.S. and Canada were closed yesterday for their respective Labour *Day holidays.*

Singapore

The market further improved over a broad front, although volume was lower due to a holiday in Malaysia, which closed the Kuala Lumpur Exchange where many of the issues listed in Singapore are also listed. The Straits Times Industrial Index rose 5.88 to 605.85, another post-1973 high. The all-time high of 611.36 was set on February 13, 1973.

Haw Par gained 5 cents to S$2.64 in anticipation of good interim results. Motor Distributor **Tan Chong** climbed 20 cents to S$10.90 on expectations of good results and rumours of a one-for-one free scrip issue. **Cycle and Carriage** advanced 22 cents to S$4.30.

Sime Darby recouped 10 cents to S$3.80, after the decline late last week, on failing to announce a free scrip issue with its year-end results.

Tokyo

After starting firmly as some investors bought actively on hopes for a rally at the beginning of the month, the market slipped back to finish on a rather mixed note in the absence of foreign interest due to holidays in the U.S., Canada and Malaysia.

Most leading Blue Chips lost ground on profit-taking, along with leading *energy* stocks, but several speculative issues advanced. Steels, Shipbuildings *and Heavy Electricals finished* mixed.

The Nikkei-Dow Jones Average closed 21.33 easier at 6,889.54 and the Tokyo SE index shed 0.42 to 478.14, although gains on the First Market section retained a slight lead over declines at the close by 320 to 311. There was a moderate volume of 230m shares.

Kyoto Ceramic declined Y60 to Y3,440 and **Trading House Mitsui** shed Y6 to Y413, while **Toyota Motor** lost Y14 to Y770. Among *Light Electricals,* **Sony** *receded* *tronic* Y30 to Y2,080.

Nippon Oil retreated Y50 to Y1,420, **Arabian Oil** Y100 to Y2,730, **Maruzen Oil** Y15 to Y340 and **Dowa Mining** Y11 to Y452.

Milan

Leading Industrials and the Ironworks sector led the market sharply ahead in active dealings. The Banca Commerciale Italiana index advanced 3.27 to a new high for the year of 128.32.

Brokers attributed the demand for Industrials to attempts at an upvaluation of their quotations to the levels of other sectors which posted sharp gains in the previous weeks. Reasons for the demand by banks for issues of State-owned Ironworks companies, struggling with production problems and large deficits, were unclear.

Heavy demand was focused on **Fiat, Montedison, Italgas, Pirelli Spa, Snia Viscoso** and State-owned ironwork companies such as **Finsider**, *Italsider* and **Dalmine**. Quotations of Finsider and Dalnine wer suspended temporarily because their advance had exceeded 20 per cent.

Germany

Shares were mixed but with a bias to higher levels after thin trading. The Commerzbank index managed a gain of 2.0 to 721.5.

Metallgesellschaft, however, were actively traded and rose DM 6.50.

Motors provided a firm sector, with **BMW** *gaining DM 2.50 and* **Mercedes** DM 1.80, but among Stores, **Neckermann** fell DM 5 and **Karstadt** DM 2.50.

The Domestic Bond market was narrowly mixed in volume even more subdued than last week. The Bundesbank intervened to purchase paper valued at DM 2m, down from Friday's purchases of DM 5.8m.

Paris

Bourse prices were inclined to gain ground in relatively active trading.

Market observers said investors had responded to the improvement on Wall Street late last Friday. Foods and Constructions led the market ahead, especially **Sias, Pernod-Ricard, Routiere Colas** and **Screg.**

Other strong spots included **Credit National, Simco, Michelin, Poclain, LMT, Nord-Est, Francaise de Raffinage, Merieux** and **Lyonnaise des Eaux.** On *the down-side* were **Cetelem, Schneider, Casino, Nouvelles Galleries, Fraissinet, Pompey** and **Skis Rossignol.**

Australia

Markets continued to retreat in a correction to the recent strong upsurge, with some energy issues particularly under pressure. The Sydney All Ordinaries index receded 6.65 more to 948.54 and the Metals and Minerals sub-*group index* 670.1 to 6,080.87.

Among Uranium shares, **Pancontinental** fell 38 cents to A$6.50 and **Queensland Mines** 20 cents to A$8.60.

Crusader Oil, part of the Cooper Basin consortium which announced on Friday that its Della No. 11 well had been completed as a gas producer, nevertheless shed 20 cents to A$3.80. Elsewhere in Oils, **Hartogen Energy** lost 20 cents to A$5.30, **Central Pacific** A$3 to A$62 and **Southern Pacific** A$1 to A$22.

Among Minings, **MIM** fell 12 cents to A$5.04, **GMK** 10 cents to A$8.50, and **Western Mining**, *which is due to report later this* week, retreated 20 cents to A$5.60.

On the Industrials boards, **BHP** shed 10 cents to A$14.90 but **ICI Australia** put on 8 cents to A$2.58.

Johannesburg

The market was closed yesterday in observance of Settlers Day.

NEW YORK

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

World sugar output rise predicted

WORLD sugar production in 1980-81 will rise by 3m tonnes to a total of 87.4m tonnes, according to a preliminary estimate by London brokers, E. D. and F. Man. It forecasts cane production to rise by nearly 4m tonnes to 54.1m tonnes and beet output to drop by 1m to 33.3m tonnes. E. D. and F. Man expects world consumption in the 1980-81 season to be between 91m to 92.5m tonnes, thus bringing a further decline in stocks.

However it is noted that sometime during the next 12 months the price of sugar is likely to rise to a level where demand will be actively driven downwards, by several million tonnes, and stocks restored to a more workable level.

The London daily sugar price was raised by £7 to £317 a tonne yesterday, but trading activity was quiet as a result of the closure of the New York sugar market for the Labor Day holiday.

Reuter reported from Bonn that the fifth German beet tests showed average beet weights of *538 grammes and sugar content* of 13.7 per cent. This is still lower than a year ago, but up on the fourth test results.

Dairy event attracts interest

IN SPITE of the well-publicised problems of the UK dairy industry dairy farmers are showing a strong interest in the annual Dairy Farming Event, to be held at the Royal Agricultural Society's showground in Stoneleigh, Warwickshire, on September 17 and 18.

Cattle entries and trade exhibits at the event will both be at record levels, the Royal Association of British Dairy Farmers and the Milk Marketing Board, joint organisers, said yesterday.

A total of 626 cattle entries have been received (619 last year) and 251 trade exhibitors *have booked space.*

The organisers expect attendance to total around 15,000 over the two days, similar to the level in the last two years. *Among these will be groups* from China, Zimbabwe, Spain, the U.S., Holland and Sweden.

Copper steady in London as U.S. strikers settle

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices held remarkably steady yesterday on the London Metal Exchange in spite of several "bearish" developments.

First, and foremost, was confirmation that the U.S. copper workers' union coalition had accepted by an overwhelming *majority* the terms of the settlement reached with Kennecott. A United Steelworkers' Union spokesman, Mr. Alvin Cass, said the acceptance removed a large obstacle to *settling the nine*-week old strike and he expected a handful of local issues, which might delay a return to work, would be ironed out shortly.

It may take some time yet before Kennecott actually starts producing again. Nevertheless the settlement is a breakthrough and is likely to put heavy pressure on the other *producers to reach agreement* as well in the near future.

Another copper mine strike, at Cuajone in Peru, ended yesterday after a 48-hour stoppage. But representatives of the Zambian copper workers were meeting yesterday to consider the reply from management to their demands for better employment conditions. Fears of

a possible Zambian strike were cited as one reason why the market held steady yesterday. Another more practical reason was that there was no back pricing sales on August deliveries by the trade since it was the first of a new contract month.

The closure of the New York copper market for the Labor Day holiday may also explain why there was so little reaction to the strength of sterling against the dollar and an unexpected rise in LME warehouse stocks of copper. Stocks increased by 1,000 *tonnes to a* total of 119,625 tonnes although it had generally been expected holdings would show little change. Tin values also held up surprisingly high following a much bigger than expected rise in stocks, up by 740 tonnes to a *total of 3,485 tonnes.*

Lead stocks rose sharply too, by 3,200 tonnes to a total of 52,475 tonnes. Other stocks movements: Zinc up by 150 to 60,125 tonnes; aluminium up 3,300 to 16,125; nickel down by 114 to 5,304 tonnes; LME silver *holdings down by 1,170,000 to* 26,230,000 ounces.

● Reuter reports from Lima that the Peruvian government plans to end the monopoly of the export marketing of all minerals by the state body Minpec.

Manuel Ulloa, Prime Minister and Minister of Economy and Trade, in his first speech to congress since the elected government of President Belaunde Terry took over a month ago, said this will restore efficiency and economies to the marketing of mine products which had been lost since the state monopoly began.

Bumper cocoa crop forecast

ABIDJAN — Ivory Coast officials expect the country's *1979-80* cocoa *crop* to total 356,000 tonnes, compared with 312,000 last season.

Cocoa experts here said the Ivory Coast midcrop was a "bumper one" with production estimated around 40,000 tonnes.

No figures have been released *so far regarding midcrop purchases.* M. Norbert Kouakou deputy director of the Caisse de Stabilisation, was quoted forecasting that cocoa production in the Ivory Coast would reach 480,000 tonnes in 1985.

A further increase in production in 1980-81 is expected as an additional 30,000 hectares of cocoa trees start producing. *Cocoa experts here said at least* 30 per cent of the 1m hectares of cocoa trees planted have still to come to production.

Nigeria is to spend about Naira 298m over a four-year period to revive its cocoa industry, according to a Radio *Lagos report monitored here.*

It said that when the rehabilitation programme begins next year, an additional 300,000 hectares will be cultivated. The rehabilitation programme will be in the four main cocoa growing areas of Oyo, Ondo, Bendel and Ogun States.

An Accra radio report indicated meanwhile that the Ghana Cocoa Marketing Board has renewed its appeal to trans*port companies to help move* cocoa to ports.

The chief manager of the Board's produce buying division, Mr. Yiadom Boakye, was quoted *as saying the current situation* demands considerable sacrifices *by transport owners.*

He assured them that the board will pay transport charges immediately the cocoa reaches ports of delivery.

Senior board officials expect the 1979-80 Ghana crop to reach the 299,000 tonnes forecast by cocoa sources in the Ghanaian *capital.*

The country's maincrop was reported to have reached 282,000 tonnes and the midcrop is expected to total about 17,000 tonnes. Reuter

Food export boost urged

BRITAIN COULD double its food exports to Europe over the next five years, Mr. Peter Walker, the Agriculture Minister, said yesterday.

Speaking at a food packaging exhibition in Worcester, he *called on exporting co-operatives,* export agents and companies with their own export departments to join in a "vigorous battle for the European market."

Recently published figures showed British food exports had improved substantially, but Mr. Walker said this was only the *beginning.* "*We have only* begun to exploit the potentialities of the European market."

Coffee sinks to 2-year low

By Our Commodities Staff

LONDON COFFEE futures prices fell to their lowest levels for two years yesterday in the face of continuing slack demand.

Dealers said there had been no large-scale pick-up in roaster demand following the reopening of Brazilian exports last month and the resultant fall in world prices. Roasters were *still filling only their* immediate requirements, they said.

Yesterday's fall wiped another £39 off the November *futures position to £1,075.5 a* tonne.

The price decline was also encouraged by the strength of sterling.

Hamburg coffee trading house Bernard Rothfos forecast that Brazilian shipments could total around 15.3m bags (60 kilos each) this year, beating the official export target of 15m bags. Since the export ban was lifted on *August 19 around 2.3m bags* had been registered for August and September ship*ment. Rothfos said. This took* the 1980 total for the first eight months of the year to about 9.7m bags. September exports could exceed 1.2m bags followed by the same again in October and November and around 1m bags in December, Rothfos added. Instant coffee exports in the last four months were forecast at 1m bags.

Crofters may get subsidy

By Our Commodities Staff

SCOTTISH CROFTERS may after all be able to benefit from the EEC's suckler cow premium scheme.

Last month the Scottish *National* Farmers' Union's crofters' committee complained *that income criteria excluded* 90 per cent of their number from receiving payments under *the scheme, which is intended* to encourage production of beef rather than milk.

But following discussions with the Government, the com*mittee is examining the possi*bility of forming groups of crofters with eligible stock.

NZ LAMB

New markets in the Middle East

BY DAI HAYWARD IN WELLINGTON

MORE THAN a quarter of New Zealand's lamb exports *this season will go to the* Middle East. Sales to Iran, Iraq and other Middle East countries *will total 90,000* tonnes. Last season New Zealand shipped only 20,000 tonnes of lamb to the Middle East.

The chairman of the New Zealand Meat Producers Board, Mr. Adam Begg, says that if "natural" market forces are allowed to operate, more than 40 per cent of New Zealand's *total lamb exports next season* could go to Middle East buyers and the proportion will rise in later years provided there are no political upheavals.

The Arab taste for sheep meat has been to New Zealand's advantage at a time *when other market forces and* political restrictions have been working against NZ marketing. *Also, as Mr. Begg pointed out,* the Middle East oil countries are the new rich having supplanted the Americans of the 1950's and the Japanese of the 1960's.

Without the Middle East, the future of New Zealand's lamb *industry would be bleak.* The amount of lamb for export is likely to increase in between 20,000 tonnes and 30,000 tonnes each year for the next few years. This follows intensive efforts by NZ sheep farmers to increase production to help counter rising costs.

Outlining the changes which have occurred and which face the New Zealand meat producing industry, Mr. Begg suggested that in the early 1970s, few would have believed when New Zealand was struggling to develop new lamb markets out*side the UK that within a few* years it would be selling as much lamb outside Britain as inside.

Protectionism, controls, re*strictions, quotas* and tariffs now apply to most markets around the world, and there are now few free and unfettered markets left. This has had a major effect on New Zealand's meat exports.

Only substantial sales to relatively new markets such as Iran and the Soviet Union had avoided the payment by the *NZ Meat Producers Board* of heavy support prices to maintain sheep farmers income *levels.*

Although the new markets had proved essential and something of a lifeline to the New Zealand meat industry, there is no doubt that the EEC, with Britain as a member, must continue to be the main customer *for New Zealand's lamb in the* forseeable future.

Even with New Zealand exports to the EEC now limited to the 234,000 tonnes, the Common Market would remain New Zealand's largest customer. No other country or area in the world could absorb such a tonnage.

Commenting on the current EEC negotiations over a sheepmeat policy, Mr. Begg compared the Brussels negotiators with Christopher Columbus.

"It is said that Christopher Columbus sailed off for the New *there did he know* where he was going and when he got there did he known where he was and when he returned home did not know where he had been.

"I have the impression that some EEC negotiators are likewise *unsure of their course or* their destination," said Mr. Begg.

*New Zealand was not respon*sible for the delay in the introduction of an EEC sheepmeat regulation. When this is finally implemented, the New Zealand Meat Board believes there will be at least some short term disruption to EEC markets. New Zealand was determined to ensure that the transition would be as smooth as possible.

The main problems facing the New Zealand lamb industry were international protec*tionism, inflation,* cost escalation, currency variation and changes in consumer and retailer habits and methods.

GROUNDNUTS

Senegal faces another poor year

BY MARK WEBSTER

SENEGAL is facing another poor year for its main export commodity, groundnuts, in spite of wide ranging agricultural reforms the government is implementing, agricultural experts in Dakar have said.

Only 420,000 tonnes of groundnuts had been delivered to the state oil presses by May 1 this year, considerably *less than last* year's total export crop of 725,000 tonnes, officials said.

Groundnuts represent up to 60 per cent of foreign exchange *earnings in a good year* and the continuing poor performance has forced the Government to speed up reforms of the state marketing organisation and to *give more help to the farmers.*

Senegalese officials believe that in addition to the crop purchased by the state-owned mills for pressing about 200,000 tonnes are consumed by the local market or are traded across the border with the Gambia.

To encourage the farmers to produce more, the Government has raised the producer price, given a five-year moratorium on farmers' debts to state development banks and increased the distribution of seeds and fertiliser. But the benefits of the new measures will not be *felt until the 1980/81 growing* season.

The Government has also promised a shake up of the State marketing organisation.

A detailed plan of the reforms is expected to be published soon, but it has already been *announced* that *many* of the activities previously undertaken by ONCAD, such as the purchase of rice and millet, have been given to other organisations and a new chief executive has been appointed from the private sector.

COMMODITIES/REVIEW OF THE WEEK

BASE METALS

COPPER—Marginally easier in quiet *trading on the London Metal Exchange.* After opening at £840, forward metal eased to £836 on the early pre-market, reflecting the rise in stocks and the strength of sterling. *In the rings,* however, the market rallied on modest fresh buying which lifted three months *to £842. In the afternoon the price* held steady around the £840 level before edging up to close the late kerb at £844. Turnover 13,500 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	823-25	—0.5	825-26	—3.5
3 months	841.5-42	—1	842-2.5	—4.5
Settlem't	825	......	—	
Cathodes				
Cash	795-96	+1	796-97	—1.5
3 months	*817.5-18*	*—8.75*	*817.5-18.5*	—4.5
Settlem't	796	+1		
U.S. Prod		......	*88.7-88.25	+0.5

Amalgamated *Metal* Trading *reported* that in the morning cash wirebars traded at £836, 37, 38, 39, 40, 41, 42, 41.5. Cathodes, three months £818, 17.5. Kerb: Wirebars, three months £842. Afternoon: Wirebars, three months £841, 40, 41, 41.5, 42, 42.5. *Cathodes,* cash £797. *Kerb: Wirebars,* three months £842, 43, 44, 44.5.

TIN—Moved narrowly between £7,120 and £7,105 before closing at the latter *with the market only slightly affected* by the sharp rise in sterling and the sizeable increase in warehouse stocks. *Turnover 750 tonnes.*

Morning: Standard, cash £7,100, three months £7,110, 05. Kerb: Standard, three months £7,110. Afternoon: Standard, cash £7,115, three months £7,110, 08, 05. Kerb: Standard, three months £7,105, 100, 105.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7110-15	—30	7105-15	—25
3 months	7115-30	—32.5	7110-25	—20
Settlem't	7115	—30	—	......
Standard				
Cash	7110-15	—30	7105-15	—25
3 months	7100-10	—35	7100-10	—37.5
Settlem't	7115	—30	—	......
Straits. E.	‡$2155	+10	—	......
New York	—	......		

LEAD—Lost ground following the substantial *rise* in stocks and the strong performance of sterling. Three *months opened around £371 and eased* to £365 with stop-loss selling reported around the £370 level. A minor rally lifted the price to £368 before renewed selling prompted a close of £365 on the late kerb. Turnover 6,575 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	355-55	—4.5	352-53	—5.75
3 months	367.5-68	—4.25	366-6.5	—5
S'ment	353.5	—4.5	—	......
U.S. Spot	—	......	*44	......

Morning: Cash £352, 53, 54, 53.5, three months £368, 67, 68, 67. Kerb: Three months £368, 68.5. Afternoon: Cash £353, three months £367, 66.5. Kerb: Three months £366, 65, 66.

ZINC—Lower following the general *trend in other metals.* Forward metal opened at £330 and drifted throughout the day to close the late kerb at £324.5 although little selling pressure was noted. Turnover 4,275 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	316-17	—7	313-14	—7.5
3 months	326.5-27	—5.75	423-25	—7.75
S'ment	317	—5.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £316.5, three months £327, 26, 25, 24, 25, 26.5. Kerb: Three months £326. *Afternoon:* Three months *£325, 24. Kerb: Three months £324.*

ALUMINIUM—Lower reflecting the strength of sterling against the dollar. After opening at £711 forward metal was marked down to the day's *low* of £701 and thereafter held steady to close the late kerb at £702. Turnover: 4,100 *tonnes.*

Alumin'm	a.m. Official	† + or —	p.m. Unofficl'l	† + or —
	£	£	£	£
Spot	700-01	—2	696-99	—12.5
3 months	*703-04*	*+0.5*	*701-02*	—7.75

Morning: Cash £702, 01, three *months £707, 06, 05, 04, 03, 02, 03.* Kerb: Three months £704. Afternoon: Three months £703, 02.5, 02, 01. Kerb: Three months £701, 02.

NICKEL—Easier in quiet and routine trading with three months finally quoted at £2,707.5 on the afternoon kerb. Turnover: 666 tonnes.

NICKEL	a.m. *Official*	+ or —	p.m. *Unofficl'l*	+ or —
Spot	2655-65	—12.5	2670-80	—5.5
3 months	*2690-700*	*—17.5*	*2695-700*	*—22.5*

Morning: Cash £2,660, three months *£2,710, 2,700. Afternoon: Kerb:* Three months £2,700.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 5.3p an ounce lower for spot delivery in the London bullion market yesterday at 665.7p. U.S. equivalents of the fixing levels were: Spot $15.99, down 7c; three-month $16.431, down 9.9c; six-month $16.941, *down 9.9c;* and 12-month $17.912, *down 11.8c. The metal opened at* 666p-670p ($16-$16.1) and closed at 665p-670p ($16.05-$16.15).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	665.7p	—5.3	666.75p	—7
3 months	691.90p	—5.8	694.40p	—8.35
6 months	*718.00p*	*—5.9*	—	......
12months	765.00p	—5.8	—	......

LME—Turnover 133 (82) lots of 10,000 ozs. Morning: cash 670, three months 693, 92, 93, 94, 95, 96. Kerb: three months 695. Afternoon: three months 694, 94.4. Kerb: three months 695.

COCOA

Cocoa futures remained steady throughout a featureless day trading at levels unchanged from Friday's close. Physical business was very quiet, with both producers and consumers with*drawn from the market, reports Gill and* Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	935-936	—1.0	940-933
Dec	977-978	—2.0	982-976
March	1019-20	—1.5	1023-17
May	1041-42	—2.0	1042-39
July	1062-63	+1.0	1065-62
Sept	1084-88	—0.5	—
Dec	1107-15	—1.5	—

Sales: 2,414 (1,803) lots of 10 tonnes.

COFFEE

With the absence of fresh news London coffee prices continued the recent decline and new contract lows were established in a thin market, reports *Drexel Burnham Lambert. In* the afternoon values fluctuated in a narrow range with light dealings *reflecting the one-day U.S. holiday.*

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	1030-33	—35.0	1050-25
Nov	1075-76	—39.0	1195-73
January	*1123-24*	—42.0	1145-22
March	1156-60	—26.0	1175-51
May	1168-70	—27.5	1190-65
July	1190-95	—22.5	—
Sept	1200-20	—27.5	—

Sales: 4,356 (6,390) lots of 5 tonnes.

ICO Indicator Prices for August 29 (U.S. cents per pound). Other Mild Arabicas 128.67 (127.33). Robustas ICA 1976 125.00 (124.00). ICA 1968 125.25 (124.24). *Unwashed Arabicas* 210.50 (209.50). Comp. daily ICA 1968 163.03 (163.81).

GRAINS

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	97.10	+0.65	91.10	+0.30
Nov.	100.65	+0.70	94.80	+0.10
Jan.	104.70	+0.80	98.80	+0.10
Mar.	*108.20*	*+0.65*	*102.30*	*+0.15*
May.	111.75	+0.75	105.80	+0.30
July.	115.15	+0.80	—	......

Business done—Wheat: Sept. 96.80-96.60, Nov. 100.65-100.05, Jan. 104.65-104.00, March 108.20-107.85, May 111.80-111.20, July 114.85-114.60. Sales 303 lots of 100 tonnes. Barley: Sept. 91.15-90.85, Nov. 94.95-94.70, Jan. 98.90-98.70, March 102.40-102.25, May *105.90-105.70. Sales 311 lots of 100* tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, *Sept. 95.75, Oct. 98.45, Nov. 100.00,* Dec. 102.30, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Sept. 98.30, Oct. 99.30, Nov. 100.75, Dec. 102.25, transhipment East Coast. Maize: French Sept. 124, transhipment East Coast. S. African Yellow Sept.-*Oct. 90.00. Barley: English Feed fob* Oct. 96, East Coast, Sept. 92.50 paid East Coast. Rest unquoted.

HGCA — *Locational* ex-farm spot prices. Other milling wheat: E. Midlands 95.80, N. East 99.20. Feed barley: Eastern 85.00, E. Midlands *86.61, N. East 88.20, Scotland 85.80.*

The UK Monetary Coefficient for the week beginning Monday, September 8, is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with little interest throughout the day, closing dull, *Lewis and Peat reported. The* Malaysian market was closed for a national holiday.

Sales: 276 (295) at 15 tonnes; none at 5 tonnes.

No. 1 R.S.S.	Business Done	Yest'day Close	Previous Close
Oct.	66.10-65.40	65.40-65.50	—
Nov.	65.50-66.00	66.00-66.50	—
Oct-Dec	65.80-66.00	66.10-66.20	66.10-65.80
Jan-Mar	69.70-69.80	69.80-70.00	70.00-69.20
Apr-Jne	72.80-72.70	72.90-73.00	73.00-72.20
Jly-Sept	75.50-75.60	75.60-75.70	75.70-75.40
Oct-Dec	78.00-78.10	78.10-78.30	78.30-80.77
Jan-Mar	80.80-80.70	80.70-80.80	80.80-80.40
Apl-Jne.	83.20-83.40	83.50-83.60	83.50

Physical closing prices (buyer) were: Spot 64.25p (64.50p); Oct. 65.00p (65.75p); Nov. 66.00p (66.75p).

SOYABEAN MEAL

The London market opened £1.00-£1.50 higher on continued commission house buying, reports T. G. Roddick. *However, during the afternoon session* strong sterling caused profit-taking after which prices were lower.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	119.70-20.0	—0.35	120.50-19.30
December	124.30-24.5	+0.70	125.50-24.00
February	125.30-26.5	+0.70	122.40-25.70
April	128.00-28.0	+1.0	—
June	127.50-29.5	—	—
August	127.50-31.0	—0.75	—
October	128.00-33.0	—0.60	—

Sales: 135 (301) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £317.00 (£310.00) a tonne cif for Sept.-Oct. shipments. White sugar daily price was £314.00 (£312.00).

Prices rose by about £3.00 over the day. The market was featureless and quiet in view of the U.S. holiday, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	335.00-35.50	328.50-29.00	334.00-27.00
Jan	345.50-46.00	342.00-42.50	345.00-45.00
Mch	352.25-52.50	350.00-50.50	352.75-47.00
May	351.50-51.50	346.50-46.75	351.60-45.00
Aug	338.05-29.00	333.00-33.25	338.00-31.50
Oct	321.50-22.50	317.00-18.00	322.00-16.00
Jan	301.00-02.50	298.50-98.00	—

Sales: 3,957 (6,333) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Oct. 338.50, 341.00, 338.50-332.00, 98. Sales 98 (110).

Tate and Lyle ex-refinery price for *granulated* basis white sugar was £342.8 (same) a tonne for home trade and £407.50 (£400.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 29: Daily price 31.23 (30.20); 15-day *average* 31.83 (31.93).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents *per kilo. Oct. 362, 357, nil, nil; Dec.* 367, 373, nil, nil; Jan. 373, 375, 373, 1; March 372, 375, 375, 2; May 374, 378, nil, nil; Aug. 374, 377, nil, nil; Oct. 375, 379, 375, 1; Dec. 375, 379, nil, nil; Jan. 375, 379, nil, nil; March 377, 381, 379, 2. Sales: 6.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. *462.0,* 462.5, 462.5-460.0, 29; Dec. 468.0, 468.5, 469.5-467.0, 30; March 478.0, 478.2, 478.0-478.0, 19; May 482.0, 483.0, 482.0-481.0, 17; July 485.5, *486.0,* 488.0-486.0, 12; Oct. 486.0, 487.0, 487.0-485.0, 14; Dec. 486.5, *487.2,* 486.0-486.0, 4; March 486.0, *492.0,* —. Sales: 125.

BRADFORD—Despite a slight increase in inquiry and business late last week the market remains depressed. The strength of sterling acts as a reminder of basic difficulties in meeting import competition and exporting successfully.

POTATOES

LONDON POTATO FUTURES—Com*mission house support moved values* higher today, on news of firmer physical trade, reports Coley and Harper. Closing prices: Nov. 41.10, +60 (high 41.10, low 40.50); Feb. 47.80, +40; April 54.90, +60 (high 54.90, low 54.80). Turnover: 40 (14) lots of 40 tonnes.

TEA AUCTION

LONDON TEA AUCTION — 50,431 *packages were on offer at yesterday's* auction. The market continued rather weak, particularly for dusts and plain teas. The few new season's Assam on offer met fair demand but below valuations. Brighter medium East Africans sold quite readily but others lost 4p-6p. Plainer Central Africans received limited support and shed 5p-10p, with many lines neglected. Cey*lons closed 6p-8p down with dusts un*wanted. Quotations: Quality 135p per kilo (145p); Medium 94p (98p); Plain *58p (58p).*

COTTON

LIVERPOOL—Spot and shipment sales amounted to 369 tonnes. Average *prices for the raw material eventually* reached the 100 cent per pound mark, but this did not curtail the demand *from customers* which tended to advance. Moderate interest was again displayed in most types of Middle Eastern and African growths.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 1 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1700/1750	......	$1760/80
Copper			
Cas w'bar	£825.5	—3.5	£902.5
3 mths	£842.25	—4.5	£922.5
Cash Cathode	£796.5	—1.5	£873.5
3 mths	£818	—4.5	£898.5
Gold troy oz.	$628.5	—4	$629.5
Lead Cash	£352.5	—5.75	£345.5
3 mnths	£366.25	—6	£357.25
Nickel	£3,186.43	......	£3,186.43
Freemkt (cif lb)	290/315c	......	285/310c
Platin'mtr'y oz	£203	......	£182.50
Free mkt	£268.75	—2.10	£274.55
Quicksilver†	$405/415	—10	400/415
Silver troy oz	665.70p	—5.3	667.0p
3 mths	691.90p	—5.6	693.30p
Tin Cash	£7,110	—25	£7,820
3 mths	£7,105	—32.5	£7,225
Tungsten 22.04lb	$144.74	......	$142.65
Wolfrm 22.04 lb	$151/154	+1.5	$147/150
Zinc cash	£313.5	—7.5	£313.5
3 months	£424	—7.75	£325.25
Producers	$780	......	$780
Oils			
Coconut (Phil)	$605z	......	$650
Groundnut	‡	......	‡
Linseed Crude	‡	......	£419
Palm Malayan	$535v	......	$560
Seeds			
Copra Philip	$415u	+5	$450
Soyabean (U.S.)	‡	......	$334
Grains			
Barley Futures	£94.80	+0.10	£95.15
Maize			
French No3 AM	‡		‡
Wheat			
No. 1 Red Spg	‡		‡
No2 Hard Wint	£86.50		‡
Eng. Milling t	‡		‡
Other commodities			
Cocoa ship't	£1,036	—2	
Future Dec.	£977.5	—2	£1,075
Coffee Ft' Nov.	£1,075.5	—39	£1,020.5
Cotton A Index	100c	......	93.30c
Rubber (kilo)	64.25p	—0.25	55.25p
Sugar (Raw)	£317	+7	£302
Wooltp's 64s kl.	287p kilo	......	286p kilo

‡ unquoted. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask.

SMITHFIELD—*Pence per pound.* Beef: Scottish killed sides 61.0 to 66.0; Ulster hindquarters 72.0 to 75.0, forequarters 40.5 to 42.5; Eire hindquarters 71.8 to 74.2, forequarters 39.0 to 41.2. Veal: Dutch hinds and ends 99.0 to 103.0. Lamb: English small 53.8 to *60.0, medium 49.5 to 57.0, heavy 44.0* to 48.0; Scotch medium 48.5 to 55.0, heavy 45.0 to 49.0. Imported frozen: NZ PL 57.5 to 58.5, PM 51.0 to 51.5. Pork: English, under 100 lb 39.0 to 48.2, 100-120 lb 38.5 to 46.2, 120-160 lb 37.5 to 44.8. Grouse: Young (best) each 200.0 to 240.0, old each 100.0 to 140.0.

*

MEAT COMMISSION—Average fatstock prices at representative markets on September 1. GB—Cattle 74.00p per kg lw (—0.08). UK—Sheep 114.52p per kg est dcw (+7.03). GB—Pigs 64.95p per kg lw (—1.24).

*

GRIMSBY FISH—Supply good, de*mand good.* Prices at ship's side (unprocessed) per stone: Shelf cod £5.80-£7.00, codlings £3.00-£4.80. Large haddock £3.50-£4.30, medium £2.80-£4.00, small £2.50-£3.00. Large plaice £5.00, medium £5.00-£6.00, best small £3.40-£4.70. Skinned dogfish (large) £7.50-£8.50. Lemon soles (large) *£8.00,* medium £7.00. Rockfish £1.80-£2.20. Reds £2.00-£2.20. Saithe £3.40-£3.90.

*

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Californian: 88 5.80-6.40, 113 4.00-4.50, 138 3.50; Outspan: Valencia Lates 112 4.30, 138 3.95, 150 3.20, 56 5.75-6.00, 72 5.85-6.50; Navelates 112 4.05, 138 3.75, 150 3.00. Lemons—Italian: 100/150 6.25-6.30; Spania: Trays 25/45 2.60-3.00, Boxes 5.50-8.00. Grapefruit—Outspan: Marsh Seedless 4.50-6.75; Californian: Ruby 32 4.00-6.00, 48 5.00.

China signs new wheat agreement

PEKING — A delegation of top *Argentine grain officials* left Peking for Moscow after signing a new wheat agreement with China covering the period January 30, 1981, to December 1, 1984, Argentina has announced.

Argentina already had a three-year agreement to provide 1m tonnes of wheat and maize annually to China for the 1979-*1981 period.*

The details of the new agreement are not known but it is believed the tonnage of wheat for delivery has been increased, especially since 1981 was included in spite of being a part of the previous three-year agreement.

The Argentine mission, led by Mr. David Lacroze, president of the Grain Board, was expected to spend one day in Moscow discussing a problem of grain delivery with Soviet officials before flying on to Western Europe.

Meanwhile a Canadian agricultural delegation led by Mr. Eugene Whelan, Agriculture *Minister,* has arrived in Peking for a 10-day visit to exchange views on strengthening future cooperation in agriculture between the two countries.

China's vice-premier Yao Yilin, in an economic report to *China's parliament, predicted* agricultural output in 1981 should grow by 4 per cent and industry by 6 per cent this year.

He listed the following *targets for the* 1981 state economic plan with the proposed increase over this year in *brackets:* grain 342.5m tonnes (10m tonnes), cotton 2.55m tonnes (250,000 tonnes), cotton yarn 2.87m tonnes (90,000 tonnes), paper 5.2m tonnes (200,000 tonnes) sugar 2.6m tonnes (100,000 tonnes), coal 620m tonnes (10m tonnes), oil *106m tonnes, electricity* 312bn Kwh (12bn Kwh).

Other 1981 output predictions were steel 35m tonnes, cement 78m tonnes, chemical fertiliser 12.3m tonnes, 97,500 tractors and 160,000 motor vehicles.

Projected investment in capital construction next year is 55bn yuan, an increase of 5bn over this year's expected outlay, Yao *said.*

He predicted the total volume of exports and imports next year would reach 55.9bn yuan an increase of 4.2bn yuan from this year's projected figure.

Total value of domestic retail sales next year was forecast at 220bn yuan, an anticipated increase of 15bn yuan.

The vice-premier added the natural population growth rate next year is to be held to 1 per cent.

In Melbourne the Australian Wheat Board (AWB) has lowered its estimate of the 1980-81 Australian wheat crop to between 12.8m and 15.7m tonnes from its previous estimate of between 13.4m and 17.1m tonnes and against last year's 16.03m tonne total.

This estimate compares with the earliest board forecast of *15m tonnes and AWB chairman* Sir Leslie Price's estimate of between 12m and 16m tonnes. Reuter

COMMODITY markets in the U.S. and Canada were closed yesterday for the Labor Day holiday. They will re-open today.

INDICES

FINANCIAL TIMES

Sep. 1	Aug. 29	Mnth ago	Year ago
273.96	275.58	270.58	290.04

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Aug. 29	Aug. 28	Month ago	Year ago
Spot	446.10	444.38	441.97	403.49
F'tur s	465.46	464.57	449.29	411.93

(Average 1924-25-26=100)

MOODY'S

Aug. 29	Aug. 28	M'nth ago	Year ago
1236.1	1234.2	1217.4	1107.4

(December 31, 1931=100)

REUTERS

Sep. 1	Aug. 29	M'nth ago	Year ago
1732.4	1726.4	1717.5	1594.9

Base: September 18, 1931=100)

EUROPEAN MARKETS

ROTTERDAM, September 1.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $212, Oct. $216, Nov. $219, Dec. $222, Jan. $226, Feb. $228, March $231. U.S. No. 2 Red Winter Sept.-Oct. $200, Nov. $202. U.S. No. 2 Northern Spring, 14 per cent, Sept. $208, Oct. $214, Nov. $217, Dec. $222, Jan. $240, Feb. $246, March $248.

Maize—Afloat $171.50, Sept. $170, Oct. $170.50, Nov. $172, Dec. $175, Jan.-March $179.75, April-June $180.

Soyabeans—U.S. Two Yellow Gulfports Sept. $325, Oct. $329, Nov. $329.50, Dec. $336.40, Jan. $340.40, Feb. $345.80, March $346.50, April $348.50, May $349.25 sellers. Argentine Aug. $314, Sept. $316.50, Oct. $324.50 *sellers. Paraguay afloat* $310.50 traded.

Soyameal—44 per cent protein afloat $272, Sept. $275, Oct. $281, Nov.-March $287. Brazil Pellets afloat $280, Aug. $282, Sept. $285, Oct. $294, Nov.-March $305.

PARIS, September 1.

Cocoa (FFr per 100 kilos)—Sept. 885, Dec. 950-960, March 992-1000, May 1008-1020, July 1020-1040, Sept. 1030-1050. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 3140-3150, Nov. unquoted, Dec. 3245-3247, March 3340-3350, May 3320-3340, July 3220-3300, Aug. 3140-3210, Oct. 3135-3165. Sales at call 5.

Strong pound generates confidence in Gilt-edged but equity markets begin new Account on subdued note

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "New time" dealings may take place from 9 am two business days earlier.

Sterling's strong tone generated a little more confidence in recently weak Gilt-edged securities which chose yesterday to ignore doubts about the Government's monetary policies. Equities, however, began the new trading Account uninspiringly with sentiment still clouded by evidence of the deepening industrial recession. Sentiment was not helped by the falling demand and the continuing squeeze on profit margins brought out in the CBI's latest survey with the tone of its report borne out by marked pessimism in the FT's survey of business opinion.

British Funds opened at around Friday's list levels and, in the absence of any significant selling, made gradual upward progress on revived domestic investment support; many overseas centres were closed. Dealings were described as thin and this tended to exaggerate the price gains which extended to ¾ in the case of isolated high-coupon longs. Exchequer 12 per cent 1999-2002 rose that much to 90, while the partly paid medium tap stock, Treasury 11¾ per cent 1991 A, rallied ½ to 44⅝. Short-dated issues were left out of the recovery and rarely closed more than ⅛ better.

Consideration of the bleak economic predictions caused an opening mark-down in leading shares. Selling was small, however, and the leaders tended to rally on the back of Gilts. Bear-covering was also said to be an influence in the steady tendency along with more genuine interest for selected Electricals, but lack of follow-through support saw the dullness return later. The FT Industrial Ordinary share index reflected the market's changing moods, being 3.6 down at the first calculation of the day, only a net 1.3 off at noon and 3.2 lower on balance at the close of 480.7.

In common with the paucity of business in the equity market, interest in Traded Options was at an extremely low ebb. Only 497 contracts were completed compared with last week's daily average of 781.

Few movements occurred among Corporations and trade in Foreign Bonds was also sparse.

Recent Equities were generally dull with the emphasis on Energy Capital, down 6 at 72p, reflecting the recent shake-out in speculative North Sea oil issues. Elsewhere, Baker Electronics gave up 3 at 107p.

Minster Assets good

Minster Assets became prominent in merchant banks, rising 5 to 56p on the announcement that Britannia Arrow has increased its stake in the company to just over 8 per cent. Renewed investment demand helped Hambros improve 4 to 552p, while Arbuthnot Latham gained 3 to 205p. Elsewhere, Bank of Scotland closed 8 up at 268p; the interim results are due on September 23. With the exception of Lloyds, a penny cheaper at 312p, the major clearers edged forward in thin trading. NatWest added 5 to 380p and Barclays 4 to 410p. UDT picked up a couple of pence to 43p among the Hire Purchases where Wagon Finance eased a penny more to 140p on further consideration of the halved interim profits. Provident Financial lost the turn to 136p awaiting today's half-year results.

Little of interest developed in Insurances. Awaiting tomorrow's interim statement, GRE cheapened 2 to 326p. General Accident shed a similar amount to 326p.

The initial firm tone in Breweries failed to hold and most slipped back to pre-week-end levels, although Bass retained a gain of 2 at 236p. Regional issues were featured by Belhaven, a couple of pence to the good at 34p.

Press comment ahead of Thursday's interim statement left Costain Group 2 firmer at 180p, while Montague L. Meyer improved a similar amount to 91p following news of the proposed deal with MacMillan Bloedel. On the other hand, Nottingham Brick were dull at 150p, down 5, while Wiggins Construct fell 2 to 23p, the latter on the pre-tax annual loss. Among the leaders, Blue Circle held steady at 356p xd.

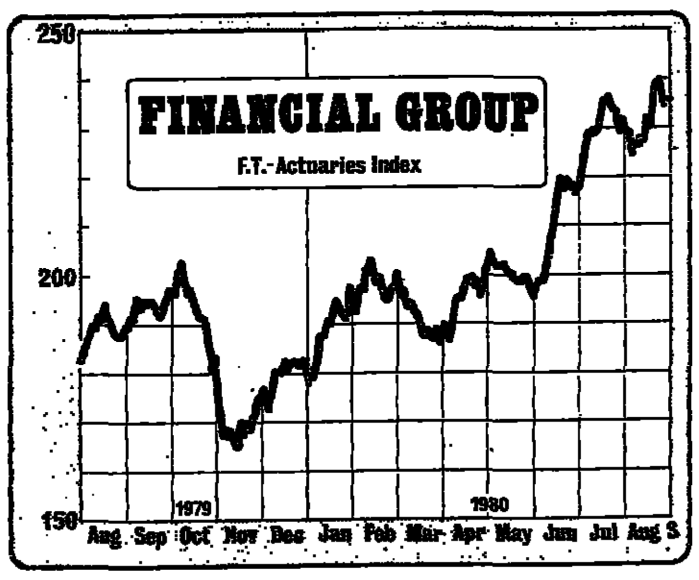
ICI moved within narrow limits before settling without alteration, also at 356p.

Stores subdued

Stores made a subdued start to the new Account and changes among the leaders were usually restricted to a couple of pence either way. Mothercare shed 4 to 242p. Among Secondary counters, Lee Cooper found fresh support and added 3 to 155p, as did MFI, at 55p. Speculative attention was again directed towards Polly Peck, 6 better at 110p, while H. Goldman picked up 2 more to 23p.

Engineering leaders trended a few pence lower in extremely quiet trading. Among the occasional movements in secondary issues, British Aluminium gave up 5 to 173p in the wake of Alcan's gloomy statement on second-half trading. Vosper, a poor market of late, rallied 10 to 105p, while Westland firmed 5 to 115p, the latter on hopes of an order for helicopters from British Airways. Scattered demand left Matthew Hall 4 dearer at 276p and Hopkinsons 3 better at 68p.

Against the trend in Electricals, *Thorn EMI rose 10 to 368p* following a squeeze on bear positions. On the other hand, GEC fluctuated narrowly before drifting off to close 6 cheaper at 484p, while Plessey finished 4 down at 237p. Elsewhere, Whitworth Electric featured in the late dealings with a jump of 10 to 31p in response to the good preliminary results. Brocks, a poor market of late, responded to Press mention with a rise of 8 to 26p, while Hawthorn Leslie, 120p, improved a like amount for a similar reason. Muirhead, an old take-over favourite, gained 9 to 145p. Security Centres were firm at 59p, up 5, while Cray Electronics gained 2 to 56p and Fidelity Radio rallied a similar amount to 34p. Among the occasional dull spots, Farnell gave up 7 to 358p and Ferranti 5 to 410p.



Cosalt fall

Foods were quietly firm. Associated Dairies, 218p, and J. Sainsbury, 470p, added 2 and 3 respectively. Tesco, on the other hand, eased a couple of pence to 55p after a Press mention. Linfood improved 5 to 159p in *response to the 35 per cent increase in preliminary profits,* while renewed buying in a narrow market lifted Bernard Matthews 5 to 230p.

Grand Metropolitan fell 4 to 155p; a leading broker has downgraded his profits forecast for the year ending September 30.

Cosalt became a prominent dull counter in miscellaneous industrials, falling 5 to 31p following a Press prediction that the interim results, due to be announced on September 10, will be extremely poor. Still reflecting recent publicity given to a *broker's adverse circular, Office* and Electronic fell 8 further to 330p, while Royal Worcester lost 5 more to 293p on further consideration of the recent disappointing half-year results. Thomas Tilling, on the other hand, gained 5 to 169p in response to Press comment and Pritchard Services hardened 2½ to 92p ahead of tomorrow's first-half figures. Aeronautical and General gained 15 afresh to 440p and BET added 4 to 147p. London support in the wake of firm Far Eastern advices helped Hutchison Whampoa rise 11 to 115p, Stelux Manufacturing add 7 to 65p and Wheelock Marden put on 2 to 53½p. Ofrex appreciated 5 to 101p as did Henry Boot, to 170p, and Johnson Matthey, to 215p. The leaders drifted lower for want of support. Beecham eased 2 to 146p as did Turner and Newall, to 104p; the latter's interim results are due on September 11.

Coral Leisure attracted strong early support and rose 5½ to 65½p before dealings in the shares were suspended at mid-day "pending an announcement;" the impending sale of a controlling interest in Centre Hotels to the Indian Taj group for £27m is believed to be nearing completion. Elsewhere in Leisure issues, Hawley, 48½p, recovered Friday's fall of 2 which followed the company's offer for Progressive Securities Investment Trust.

Motor sectors traded without distinction although Caffyns firmed 3 more for a three-day gain of 18 at 178p on takeover hopes.

Bid hopes fuelled by Press comment buoyed poster advertising group More O'Ferrall, 8 higher at 92p, but thoughts that the company will fall short of the *profits forecast* in last year's prospectus prompted weakness in Haynes Publishing which fell to 133p before rallying to end a net 14 down at 138p.

Properties started the new Account quietly firm. Rush and Tompkins featured with a rise of 8 to 204p on revived speculative support. Far Eastern issues continued to attract London demand in the wake of firm overseas advices. Hong Kong Land closed 4½ better at 164½p and Cheung Kong hardened 2 more to 229p. Elsewhere, Land Securities put on 4 to 362p as did Carrington Investments to 120p, while County and District hardened 3 to 186p and MEPC 2 to 232p. By way of contrast, Land Investors eased 2 to 61p; the preliminary results are due next Tuesday.

Oils drift lower

Sentiment in the Oil sector was not helped by a broker's report of falling North Sea oil prices which prompted an initial mark down. A few buyers appeared at the lower levels, but interest was insufficient to sustain a worthwhile recovery and prices eventually drifted back to around opening levels. BP were additionall affected by adverse *comment ahead of Thursday's* interim figures and closed 6 cheaper at 336p. Shell finished similarly lower at 404p, while Tricentrol closed 8 off at 308p. Among the more speculative issues, Berkeley fell 10 to 163p and losses of a like amount were marked against Pict, 300p, and Sun (UK) Royalty, 465p. Cluff dipped 25 to 290p.

Overseas Traders often finished with useful gains. Press comment helped James Finlay, 112p, and Mitchell Cotts, 46½p, up 4 and 2½ respectively, while Sime Darby, which announced increased annual profits last week, added 3 at 73p.

RTZ under pressure

Trusts trended easier in sympathy with the dullness in equities, falls of 2 being marked against Atlantic Assets, 197p, and Estates Duties, 72p.

The recent series of mill closures unsettled Courtaulds, 2 easier at a 1980 low of 59p. Other Textiles turned a shade firmer, where altered. Hollas added a few pence to 70p, as did Nova (Jersey), to 49p, but Youghal lost another penny to 8p.

The closure of Johannesburg, American and a number of Continental markets led to quiet trading conditions in mining issues but the sector still provided features in UK Financials and South African Platinums.

The London Financials came under peristent selling pressure following week-end Press speculation that a rights issue is in the offing at Rio Tinto Zinc; the shares dropped to 430p before rallying to close 10 down on balance at 432p, while Tanks fell 8 to 312p, Charter 4 to 220p and Gold Fields 2 to 520p.

South African Golds drifted throughout the day on lack of interest, reflecting the $4 decline in the bullion price to $628.50 an ounce. Consequently, the Gold Mines index dipped 2.6 to 387.1.

South African Financials moved similarly to Golds but Platinums surged ahead on further considerations of the recent good results from Impala and last Thursday's producer price rises.

Lydenburg were the star performer and jumped 28 to a year's high of 188p, while Rustenburg put on 17 to 287p and Impala 8 to 360p ex-dividend.

The recent shake-out in Australians continued as overnight domestic markets registered further sizeable losses.

Among the leading issues, Western Mining dropped 11 more to 278p, and Pancontinental and Hampton Areas 10 apiece to 340p and 450p respectively. Losses of between 4 and 6 were common to CRA, 298p, MIM Holdings, 245p, North Broken Hill, 187p, and Peko-Wallsend, 460p. Coals were broadly lower with Utah Mining Australia 15 cheaper at 250p and Oakbridge 13 down at 190p. In Diamonds, profit-taking lowered Ashton Mining 9 to 138p.

There were one or two firm spots, however. Bond Corporation added 12 more to 136p on further consideration of the substantial profits resulting from the White Industries bid battle, while Pacific Copper continued to attract speculative interest and rose 4 to a 1980 high of 240p.

In Tins, Tanjong hardened 2 to 120p following the statement that the D. Kuok interests are reviewing their position in the light of the counter bid for Tanjong by Pahang Consolidated.

FINANCIAL TIMES STOCK INDICES

	Sept. 1	Aug. 29	Aug. 28	Aug. 27	Aug. 26	Aug. 22	A year ago
Government Secs	68.09	67.72	67.70	68.25	68.72	68.97	72.86
Fixed Interest	69.27	69.84	69.86	70.10	70.16	70.48	73.69
Industrial	480.7	483.9	482.7	491.5	495.8	498.9	463.0
Gold Mines	387.1	389.7	390.9	386.6	375.5	380.5	196.4
Ord. Div. Yield	7.59	7.55	7.57	7.38	7.32	7.26	7.03
Earnings, Yld. % (full)	17.65	17.54	17.90	17.42	17.28	17.14	17.48
P/E Ratio (net) (*)	6.90	6.94	6.78	6.94	7.00	7.05	7.20
Total Bargains	16,373	19,550	18,946	18,127	18,527	16,655	—
Equity turnover £m.	—	122.23	116.85	83.73	94.26	97.88	66.64
Equity bargains total	—	14,724	15,083	11,602	12,388	12,822	10,775

10 am 480.3. 11 am 481.1. Noon 482.8. 1 pm 482.3.
2 pm 482.2. 3 pm 481.4.
Latest Index 01-246 8026.
*Nil=6.42.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	390.9 (28/8)	265.6 (18/3)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 1	Aug. 29
—Daily		
Gilt Edged	95.2	105.7
Industrials	103.1	102.9
Speculative	44.5	50.6
Totals	69.9	71.6
5-day Avrge.		
Gilt Edged	86.4	84.8
Industrials	96.5	96.0
Speculative	44.7	43.7
Totals	66.5	66.3

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (33)

BRITISH FUNDS (1)
Treas. 8½pc '80-82

BANKS (1)
Minster Assets

BEERS (1)
Distillers

BUILDINGS (4)
Aberthaw Cement; Lilley (F. J. C.); Benlox; Rowlinson

CHEMICALS (1)
Novo Inds. A/S B

ELECTRICALS (2)
Cray Electronics; Security Centres

ENGINEERING (1)
Hall (M.)

INDUSTRIALS (9)
Aero & General; Pritchard Services; Hutchison Whampoa; Radiant Metal; I.C. Inds.; Stelux Manuf.; Johnson Matthey; Wheelock Marden; Ofrex

LEISURE (1)
Scottish TV A

PAPER (1)
More O'Ferrall

PROPERTY (3)
Hongkong Land; Slough Ests. 10pcCnv.; Second City

TEXTILES (1)
Levex

TRUSTS (2)
Progressive Secs.; Selected Risk Inv.

OIL & GAS (1)
Double Eagle

MINES (4)
Falcon; Pacific Copper; Wankie Colliery; Supreme Corp.

NEW LOWS (34)

BEERS (1)
Tomatin

CHEMICALS (2)
BASF; Yorkshire Chemicals

STORES (1)
Fairdale Text.

ENGINEERING (8)
Brockhouse; Spencer Gears; Brown & Tawse; Sykes (H.); Edbro; Tecalemit; Neill (James); Thyssen

INDUSTRIALS (9)
Alpine Holdings; Hoover A; Austin (F.) (Leyton); Marshall's Universal; Avon Rubber; Relyon PBWS; Cosalt; Valor; Dunhill (Alfred)

LEISURE (2)
Barr & W.A.T. A; Norton & Wright

MOTORS (1)
Cowie (T.)

NEWSPAPERS (4)
Int. Thomson; News Int.; Do. Conv.; Websters Group

SHOES (2)
K Shoes; Stylo Shoes

TEXTILES (2)
Courtaulds; Tomkinsons

OIL & GAS (2)
Cluff Oil; Cluff Oil Conv. A

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	82	2	10
Corpns., Dom. and Foreign Bonds	8	1	57
Industrials	249	245	900
Financial and Prop.	80	99	317
Oils	6	33	17
Plantations	3	2	20
Mines	27	68	64
Others	44	56	66
Totals	499	506	1,491

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Sept. 1, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Aug. 29 Index No.	Thur., Aug. 28 Index No.	Wed., Aug. 27 Index No.	Tues., Aug. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	278.09	−0.5	16.38	6.00	7.38	279.47	280.49	284.61	286.14	244.64
2	Building Materials (28)	251.87	−0.1	18.76	7.05	6.32	252.17	255.04	260.41	261.47	230.26
3	Contracting, Construction (27)	411.50	+0.3	22.55	5.91	5.27	410.30	414.73	422.14	422.61	378.97
4	Electricals (17)	826.70	−0.8	11.65	3.21	10.51	833.44	833.05	840.83	847.06	620.52
5	Engineering Contractors (11)	332.71	+0.4	18.69	7.83	6.75	331.53	334.15	338.51	338.53	351.08
6	Mechanical Engineering (72)	178.74	−0.7	16.84	7.45	7.26	180.02	180.34	183.71	185.02	171.70
8	Metals and Metal Forming (16)	162.10	−0.5	22.36	10.50	5.34	162.85	163.03	164.78	165.11	162.55
11	CONSUMER GOODS (DURABLE) (49)	239.28	+0.4	15.66	5.34	8.77	238.32	238.64	242.24	243.94	236.07
12	Lt. Electronics, Radio, TV (14)	366.86	+0.6	13.18	3.84	11.61	364.83	364.96	371.16	373.86	335.63
13	Household Goods (14)	87.54	−0.7	27.68	11.70	4.56	88.13	89.56	90.33	92.18	146.16
14	Motors and Distributors (21)	99.93	+0.1	22.13	9.40	5.20	99.85	100.85	101.02	101.37	112.43
21	CONSUMER GOODS (NON DURABLES) (172)	236.94	—	17.44	6.79	6.93	237.05	236.47	241.98	243.21	234.33
22	Breweries (14)	290.43	+0.2	15.65	6.34	7.46	289.81	290.34	297.32	297.19	286.07
23	Wines and Spirits (5)	324.35	—	18.85	6.28	6.27	324.35	318.43	324.50	324.85	318.77
24	Entertainment, Catering (17)	333.20	−0.8	17.39	6.75	7.08	335.96	338.16	346.55	347.09	301.09
25	Food Manufacturers (22)	218.43	+0.1	18.58	6.88	6.33	218.18	217.31	221.64	222.14	206.67
26	Food Retailing (13)	366.43	—	12.81	4.23	9.30	366.33	364.92	374.48	371.34	305.47
32	Newspapers, Publishing (12)	426.59	−0.8	22.44	7.34	5.96	429.97	433.23	439.82	439.99	418.94
33	Packaging and Paper (15)	127.51	−0.1	27.96	10.27	4.16	127.64	127.40	129.48	130.56	127.12
34	Stores (45)	234.02	+0.1	13.27	5.36	9.82	233.72	232.57	238.85	242.07	235.92
35	Textiles (21)	119.41	−0.6	27.18	12.95	4.47	120.17	120.35	123.55	123.91	152.72
36	Tobaccos (3)	223.81	−0.3	25.64	10.40	4.44	224.48	224.97	229.22	230.21	240.89
37	Toys and Games (5)	26.09	−0.6	8.62	14.61	26.82	26.23	26.59	26.40	26.73	73.11
41	OTHER GROUPS (99)	222.84	−0.2	15.78	6.98	7.61	223.27	223.76	227.95	228.81	203.52
42	Chemicals (16)	309.40	−0.3	17.56	7.79	6.67	310.27	310.29	315.27	313.51	288.82
43	Pharmaceutical Products (7)	229.18	−0.7	11.04	6.04	11.20	230.90	231.87	238.59	241.00	222.78
44	Office Equipment (6)	105.18	−1.5	19.54	7.89	5.98	106.75	106.42	106.80	108.08	117.98
45	Shipping (10)	596.59	−0.3	12.87	5.96	9.48	598.63	599.76	611.37	616.57	444.60
46	Miscellaneous (60)	277.08	+0.4	16.47	6.73	7.42	275.92	277.88	282.15	284.20	241.19
49	INDUSTRIAL GROUP (491)	251.64	−0.2	16.65	6.51	7.31	252.06	252.20	257.07	258.36	236.78
51	Oils (9)	764.57	−1.7	29.02	6.76	3.80	778.03	781.35	789.18	799.08	620.08
59	500 SHARE INDEX	292.36	−0.5	19.16	6.56	6.16	293.80	294.18	299.30	301.26	268.02
61	FINANCIAL GROUP (118)	235.50	—	—	5.47	—	235.54	234.04	238.30	239.80	189.16
62	Banks (6)	236.05	+0.1	43.29	7.12	2.76	235.87	233.75	237.97	239.33	215.45
63	Discount Houses (10)	280.00	+0.1	—	6.34	—	279.66	280.16	284.23	284.23	262.33
64	Hire Purchase (5)	218.21	+0.5	14.20	4.59	9.18	217.09	219.26	224.25	224.96	172.08
65	Insurance (Life) (10)	240.02	−0.6	—	5.32	—	241.37	241.88	247.68	250.82	154.34
66	Insurance (Composite) (9)	164.16	−0.4	—	6.75	—	164.75	160.88	163.66	164.48	125.18
67	Insurance Brokers (9)	327.99	−0.7	14.12	7.03	9.70	330.27	331.21	335.57	340.26	263.54
68	Merchant Banks (12)	140.37	−0.2	—	5.07	—	140.66	140.72	143.06	143.60	99.43
69	Property (45)	437.69	+0.5	3.25	2.70	42.84	435.55	435.42	443.76	446.77	361.10
70	Miscellaneous (12)	146.85	+0.2	14.04	6.01	9.05	146.53	146.85	148.42	148.88	118.97
71	Investment Trusts (109)	264.29	−0.5	—	5.45	—	265.74	267.94	271.24	271.25	213.46
81	Mining Finance (3)	231.85	−1.5	12.96	4.52	9.29	235.41	242.41	246.23	248.79	133.64
91	Overseas Traders (20)	424.46	+0.6	11.85	6.95	10.17	421.88	426.78	434.86	438.48	343.74
99	ALL-SHARE INDEX (750)	281.34	−0.4	—	6.25	—	282.49	282.85	287.72	289.52	246.37

FIXED INTEREST PRICE INDICES

	British Government	Mon., Sept. 1	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.26	+0.11	—	7.62
2	5-15 years	109.04	+0.61	0.87	8.72
3	Over 15 years	113.66	+0.68	0.11	9.56
4	Irredeemables	125.79	+0.82	0.33	9.02
5	All stocks	108.69	+0.48	0.06	8.52

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon., Sept. 1	Fri., Aug. 29	Year ago (approx.)
1	Low Coupons	5 years	12.20	12.27	10.21
2		15 years	12.20	12.27	10.65
3		25 years	12.20	12.27	11.10
4	Medium Coupons	5 years	13.82	13.89	12.04
5		15 years	13.67	13.76	12.14
6		25 years	13.54	13.64	0.00
7	High Coupons	5 years	13.95	14.03	12.52
8		15 years	14.00	14.10	12.63
9		25 years	13.79	13.89	12.51
10	Irredeemables		11.70	11.80	10.88

		Mon., Sept. 1 Index No.	Mon., Sept. 1 Yield %	Friday Aug. 29	Thurs. Aug. 28	Wed. Aug. 27	Tues. Aug. 26	Friday Aug. 22	Thurs. Aug. 21	Wed. Aug. 20	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.17	†13.92	53.24	53.29	53.44	53.47	53.47	53.56	54.29	58.69
16	Investment Trust Prefs. (15)	49.90	15.58	50.56	50.89	51.15	51.15	51.06	51.06	51.12	61.53
17	Coml. and Indl. Prefs. (20)	67.89	13.20	67.98	68.08	67.36	67.30	67.19	67.15	67.23	71.21

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Minster Assets	25p	9	56	+ 5	56	37½
Plessey	50p	8	237	− 4	247	108
Thorn EMI	*25p*	8	*368*	*+10*	*374*	*260*
RTZ	25p	7	432	−10	485	327
Coral Leisure	10p	6	65½†	+ 5½	80	54
NatWest Bank	£1	6	380	+ 5	390	305
Barclays Bank	£1	5	410xd	+ 4	430	327
BP	25p	5	336	− 6	412	320
ICI	£1	5	356	—	402	348
Kwik-Fit	10p	5	79	− 1½	89½	54½
LASMO	25p	5	650	—	830	337
Premier Cons.	5p	5	66	− 2	99	36
Sainsbury (J.)	25p	5	470	+ 3	478	280
Shell Transport	25p	5	404	− 6	432	314
Trusthouse Forte	25p	5	180	+ 2	200	132

† Price at suspension

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Quiet conditions prevailed in the Option market and calls were dealt in Coral Leisure, Charterhouse Petroleum, Lonrho, Montague L. Meyer, Dunlop, Tubes, Royal Bank of Scotland, Premier Oil and Town and City Properties. Puts were completed in Milletts Leisure, De La Rue and Mothercare, while Town and City Properties were dealt in for the double.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	F.P.	—	260	215	Brint Invs.	255	......	—	—	—	—
[illegible]	F.P.	—	352	338	BP Restricted Trans.	338	−2	17.5	4.7	7.4	3.2
[illegible]60	F.P.	—	115	91	††Baker Electrnics 10p	107	−3	b3.85	2.0	5.1	11.3
68	F.P.	8/9	90	72	Charterh'se Petrol'm	80	......	b1.09	4.0	1.9	18.5
[illegible]38½	F.P.	—	100	72	Energy Capital (12½p)	72	−6	—	—	—	—
160	F.P.	—	153	133	††Marinex 10p	133	......	—	—	—	—
[illegible]51	F.P.	—	78	67	††Rolfe & Noland 10p	69	+1	t1.0	3.6	2.1	19.5
[illegible]	F.P.	—	70	56	†Shackleton Petrol	59	−1	—	—	—	—
[illegible]57	F.P.	—	85	75	††Utd. Electronic 20p	75	+1	b1.57	2.2	3.0	21.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	23/7	124	109½	British Home Stores 9% Cnv. Ln. '92	117	+1
[illegible]	F.P.	10/10	107p	107p	Foseco Minsep 8½% Cnv Red Cum2ndPrf	107p	......
[illegible]	F.P.	10/10	103	102	Do 10% Conv Uns Ln 1995	103	......
[illegible]	F.P.	30/10	98	97½	Newcastle & Gateshead Water 8½% RdP	97½	......
[illegible]	F.P.	28/11	102	100	Outwich 10% Pref.	101	......
[illegible]	F.P.	8/8	105½	101½	South Staff. Water 9¼% Rd. Pf. '85	101½xd	−1½
[illegible]	F.P.	29/8	104	100½	Sunderl'd & S.ShieldsWtr 9½% Rd.Prf.1985	100½xd	−2
[illegible]	F.P.	22/10	105p	99½p	Tebbitt 7% Con. Cum. Red. Pref.	99½p	−2½

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p‡	+ or −
132	F.P.	23/7	8/9	184	146	Berisford (S. & W.)	180	−1
92	F.P.	30/7	12/9	141	125	Coalite	137	−2
60	Nil	25/7	22/8	95pm	85pm	Crest Nicholson	93pm	−1
13	F.P.	22/8	19/9	36	34½	Derritron	31	......
100	F.P.	15/8	12/9	428	127	Ferranti	412	−3
80	F.P.	16/8	12/9	110½	89	Lonrho	92	+3
120	F.P.	15/8	26/9	150	144	McKay Secs.	150	......
220	Nil	5/9	14/11	80pm	66pm	Mercantile House	75pm	−2
14	Nil	5/9	6/10	3½pm	2pm	Moorgate Mercantile	3pm	......
75	F.P.	20/8	10/9	110	93	Polly Peck	107	......
13	Nil	—	—	3pm	2pm	Spencer Gears	2pm	......
10	F.P.	13/8	3/9	13½	11	Sturla	11	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Henderson Admin. (Guernsey) Ltd.
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 113.1 119.0 ..... —

Henderson Baring Group
801, Gloucester, 11, Pedder, Hongg Kong
Japan Fd. Aug. 27 US$20.68 21.49 ..... —
Japan Tech. Aug. 26 US$11.681 ..... —
Malay Singor. Aug. 26 13.520 ..... —
Pacific Fd. Aug. 27 US$14.592 ..... —
Bond Fd. Aug. 28 US$10.833 ..... 9.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd. 9.75 9.85 +0.01 13.67
*Inclusive of Preliminary charge.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 185.1 198.0 −1.3 3.43

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. 140.6 150.5 −0.1 4.00
H.S. Fixed Int. Fd. 92.0 97.0 ..... 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$22.94 23.86 +0.04 —
CSF Fd. (Acc.) SF17.65 18.03 −0.02 —
Crossbow Fd. (Acc.) SF4.69 4.79 ..... —
ITF Fd. (Acc.) US$12.24 12.50 −0.01 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DF57.48 ..... 1.74

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.54 3.64 −0.08 3.80

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. HK$604.54 ..... 1.6
Jardine J'pn.Fd.* 1.0
Jardine S.E.A. US$33.92 ..... 1.10
Jardine Flem. Int. HK$21.76 ..... 0.4
Jardine Securities HK$17.36 ..... —
Intl.Pac.Secs.(Inc.) HK$18.33 ..... 1.00
Do. (Accum.) HK$19.01 ..... —
J.F. Japan Small. Co. Y10.103 ..... —
J.F. Cur.&Bd.Fd.(Inc.) US$10.25 ..... 7.7
Do. (Accum.) US$11.04 ..... —
NAV August 15. *US$77.17. Next sub. day August 29.

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £11.96 11.97 +0.03 —

Kemp-Gee Management, Jersey Ltd.
1 Charing Cross, St. Helier, Jersey 0534 73741
Capital Fund 145.7 150.2 ..... —
Income Fund 57.2 59.0 ..... 11.60
Gilt Bond £1.015 1.069 ..... —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex SF148.25 160.60 −3.35 2.20
Bondselex SF114.30 120.20 ..... —
Central Assets £174.24 174.31 +0.13 —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) 8.37 8.42 ..... 13.00
Gilt Trust (I.o.M.) 94.0 96.4 −1.2 13.00
Gilt Fnd. Guernsey 8.90 8.95 ..... 13.00
Intl. Govt. Secs. Tst.
First Sterling £17.69 17.80 ..... —
First Intl. £235.03 235.86 ..... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest LF1,130 ..... −2 4.95
Guernsey Inc. 81.7 86.9 ..... 5.81
Do. Accum. 108.0 114.8 ..... 5.81
K.B. Eurobond Fd. 9.57 9.67 ..... 8.53
K.B. Far East Fd. US$20.93 ..... 1.90
K.B. Gilt Fund £10.11 10.17 ..... 12.44
K.B. Int. Bd. Fd. Inc. US$98.41 −1.95 —
K.B. Int. Bd. Fd. Acc. US$113.21 −2.20 —
K.B. Intl. Fund US$15.65 ..... 2.24
K.B. Japan Fund US$33.83 ..... 0.73
K.B. Sterl. Asset Fd. £11.45 11.47 ..... —
K.B. U.S. Gwth. Fd. US$18.19 ..... 1.92
Signet Bermuda US$6.06 −0.11 2.18

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
L.B. External Fund US$10.99 11.70 ..... 0.10

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 62.3 66.2 ..... 1.92
Next dealing Sept. 4.
Lloyds Trust Gilt 9.72 9.73 ..... 12.70
Next dealing Sept. 3.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF533.0 549.0 ..... 0.60
Lloyds Int. Income SF287.0 298.0 ..... 6.0

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Aug. 26 US$6.65 6.85 ..... —
Australian Ex. Aug. 20 US$8.32 8.76 ..... —
Gold Ex.Acc. US$4.74 68.15 ..... 5.74
Gold Ex. Inc. Units US$3.60 56.42 ..... 5.74
Island 151.5 161.2 −0.7 4.05
(Accum Units) 228.5 243.3 −1.0 4.05

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.89 — −0.10 —
Bda. Intl. Bd. Fd. Inc. US$11.80 — −0.10 12.00
Prices August 29. Next dealing Sept. 8.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 97.4 97.9 +0.2 12.25

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Aug. 12 SF54.35 58.95 ..... 2.99
Japfest. Aug. 13 HK$18.85 20.31 ..... 1.00
117 Group July 31 US$14.21 15.29 ..... 2.33
117 Jersey Aug. 6 £6.22 6.77 ..... 1.86
117 J'sey O's July 30 £6.06 6.38 ..... 2.99

Murray, Johnstone (Inv: Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 15 US$39.77 ..... —
Murray Fund Aug. 31 US$18.71 −0.04 —
Pacific Fd. July 31 US$4.64 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 47.6 49.0 ..... 12.28
Equity Fund 54.8 57.0 ..... 3.62
International Bond* 48.6 50.0 ..... —
*Sub. day every Thurs.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Aug. 22 US$13.09 — ..... —

N.E.L. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit 49.1 51.7 ..... —
Sterling Fixed Interest 48.8 51.3 ..... —
Sterling Managed 47.0 51.2 ..... —
Intl. Fixed Interest 47.2 51.3 ..... —
Intnl. Managed 48.5 52.6 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV US$17.64 ..... —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0401 26741
Inter-Dollar Fund US$2.86 3.09 ..... —
Far East Fund US$2.03 2.19 ..... —
Intl. Currency Fund US$1.65 1.79 ..... —
Dollar Fxd. Int. Fund US$2.09 2.26 ..... —
Ster. Exempt Gilt Fd. £1.36 1.47 ..... —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 48.1 50.5 ..... —
Sterling Equity Fd. 66.0 69.2 ..... —
Intnl. Bond Fd. US$0.97 1.01 ..... —
Intnl. Equity Fd. US$0.97 1.01 ..... —
Prices at Aug. 27. Next dlg. Sept. 3.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg.Fxd.Int. £0.774 0.820xd 15.24
Quest Intl. Secs. US$1.092 1.175xd 3.06
Quest Intl. Bd. US$0.859 0.910xd 10.99
Prices on Aug. 27. Next dlg. Sept. 3.

RBC Investment Managers Limited
PO Box 48, St. Peter Port, Guernsey. 0481-23021.
Intl. Income Fd. US$9.98 10.53 ..... —

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 261.4 267.6 −0.8 —
Do. Diamond Bd. 140.7 148.0 ..... 12.82
Irish Gilt Bond 129.6 138.5 ..... 12.38
Sterling Deposit Bd. 118.05 124.28 ..... 16.46
Atlas Gilt & Com. Fd. 95.5 100.5 ..... —
UK Gilt Fund

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.10 2.23 ..... 0.79
OCSm. Co.*** 100.7 107.1 ..... 3.00
O.C. Commodity* 99.0 105.3 ..... 4.93
O.C. Dir.Comdty.† US$47.82 50.87 ..... 1.45
O.C. Hong Kg. Fd.† HK$30.83 32.79 ..... —
O.C. Sterling Fd.** £12.359 +0.005 —
O.C. International Reserves Limited
Bel.Francs (Fin.) 606.11 ... Italian Lira 20,396
Canadian $ 25.25 ... Singapore $ 20,370
D-Mark 40.300 ... £ Sterling 10.143
Dutch Guilder 40.340 ... Swiss Francs 40.205
French Francs 100.950 ... U.S. $ 20.200
*Prices on Aug. 29. Next dealing Sept. 12. †Prices on Aug. 21. Next dealing Sept. 9. **Daily dealings. ***Aug. 29.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda.
Reserve Assets Fd. US$9.78 10.00 ..... —
Prices on Aug. 25. Next dealing Sept. 2.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**† DM9.71 10.29 ..... 4.86
Dlr. Fxd. Int.**† US$8.30 8.81 ..... 8.51
St. Fixed***† 107.7 113.9 ..... 12.29
Yen Bond Y982.0 1,040.0 ..... 4.80
Equity Funds
Channel Capital*‡ 80.4 84.8 −1.4 3.11
Internatl. Gr.**† US$11.25 12.17 ..... —
Far Eastern**† US$13.34 14.43 ..... —
North American**† US$6.36 6.88 ..... —
Sepro**† US$18.89 20.64 ..... 6.46
Trust Channel Isl.‡ 73.5 77.6 −1.2 6.74
Commodity Funds
Commodity*****‡ 154.8 163.2 ..... —
Deposit Funds
St. Deposit***‡ 125.7 125.9 ..... 0.20
*Prices on Aug. 26. **Aug. 27. ***Aug. 29. ****Aug. 28. †Weekly dealings. ‡Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 91.2 97.0 ..... —
$Equity US$2.055 2.186 ..... —
£Fixed Interest 169.5 180.3 ..... —
$Fixed Interest US$1.226 1.304 ..... —
£Managed 128.4 136.5 ..... —
$Managed US$1.644 1.748 ..... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Am. Inv. Tt. Aug. 28 US$17.43 ..... 2.01
Asian Fd. Sept. 1 US$23.15 24.99 +0.40 2.50
Ch'side. 5 Aug. 27 £8.50 ..... 2.16
Darling Fund Aug. 29 A$3.60 3.82 ..... 4.30
Japan Fund Aug. 21 US$7.77 8.34 ..... 1.20
Trafalgar Fd. July 31 US$225.78 ..... 1.67

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$0.59 534.15 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM24.00 25.26 ..... 6.33
Tokyo Trust Aug. 1 US$32.20 ..... 2.80

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Aug. 25 US$10.13 ..... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 140.05 147.42 ..... —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349.
American Ind.Tst. £5.02 5.12 −0.03 —
Copper Trust £12.28 12.57 −0.01 —
Jap. Index Tst. £6.32 6.46 −0.04 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 108.7 114.4 +1.2 —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 54.3 57.2xd 5.03
TSB Guernsey Fund 54.3 57.2xd 5.03
Prices on August 27. Next sub.-day Sept. 9.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 94.8 97.0 ..... 14.40
TSB Gilt Fd.(Jsy.) 94.0 97.0 ..... 14.40
Prices on Aug. 27. Next sub. day Sept. 3.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Aug. 25 US$82.22

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share Aug. 25 US$59.90

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda, 2-2760
Overseas Aug. 27 US$1.43 1.51 ..... 6.00
(Accum. Units) US$2.53 2.68 ..... —
2 New St., St. Helier, Jersey 0534 37331/3
TOFSL Aug. 28 £9.15 9.85xd 2.54
(Accum. Shares) £15.60 16.75 ..... —
American Aug. 28 111.4 119.0 ..... 2.73
(Accum. shares) 119.4 127.6 ..... —
Far Eastern Aug. 28 107.4 115.2 ..... 1.95
(Accum. shares) 112.6 120.6 ..... —
Jersey Fund Aug. 27 136.6 147.0 ..... 8.42
(Non-J. Acc. Uts.) 229.6 247.0 ..... —
Gilt Fund Aug. 27 99.0 101.0xd 11.77
(Accum. Shares) 166.6 169.6 ..... —
Victory House, Douglas, Isle of Man. 0624 24111.
High Inc. Gilt Aug. 27 107.2 109.2 ..... 13.73
(Accum Shares) 112.4 114.8 ..... —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.06 ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM21.01 17.90 ..... —
Unirak DM41.71 50.10 −0.15 —
Unirenta DM37.38 38.50 −0.10 —

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey
U.I.B. Fund US$107.52 109.14 ..... 10.30

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$122.90 −7.28 —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Energy Int. Aug. 28 US$16.90 +0.09 —
Grt. St. $Fd. Aug. 28 US$9.41 +0.31 —
Merc. Ebrold. Aug. 27 US$11.56 11.69 ..... 0.7509
Mrc. My. Sept. 1 £12.77 12.79 +0.03 —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
CMT Ltd. Aug. 28 £13.99 14.35 ..... 2.72
Metal Tst. Aug. 21 £12.80 13.10 ..... 3.47
SMT Ltd. Aug. 7 £11.80 12.10 ..... —
TMT Ltd. Aug. 14 £12.33 12.64 ..... 4.91

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$23.71 25.10 ..... —
Wardley Nikko At. Fd. US$33.28 33.88 ..... —
Wardley Bond Trust US$9.98 10.70 ..... —
Wardley Japan Trust US$12.17 12.47 ..... —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd US$30.85 ..... —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 43.6 44.4 ..... —

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ✦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	50.2	54.0	-0.2	2.69
Abbey Capital	41.2	44.5	+0.1	5.51
Abbey General	52.9	56.3	+0.1	5.59
Abbey Gilt & F.I. Tst.	109.8	115.6	.....	11.83
Abbey Income	34.1	36.9	.....	9.38
Abbey W'Wide Bd Tst.	92.8	98.2	.....	4.42
Abbey Inc. Tst. Fnd.	45.2	48.6	.....	9.20
Equitas Prog. Trust	78.3	84.7	.....	5.09

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.0	93.6	.....	12.95

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	83.0	88.9	+0.3	5.97
Brit. Inds. Fund	75.2	80.5	+0.4	6.46
Growth & Income	46.5	49.8	+0.2	5.58
Elect. & Ind. Dev.	42.0	44.9	.....	5.46
Allied Capital	88.8	95.0	+0.3	4.68
Hambro Fund	129.0	138.0	+0.5	6.29
Hambro Acc. Fund	163.0	174.4	+0.1	5.16

Income Funds

High Yield Fd.	63.5	67.9	-0.1	10.16
High Income	74.4	79.6	+0.1	7.91

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.2	71.7	.....	4.07

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.0	39.4	+0.2	11.46
North American	52.0	56.1	-0.3	3.06
Canadian Exempt*	63.4	66.7	.....	3.55
Canadian Trust	59.0	63.8	+0.2	2.85
Mid Mount High Inc.*	48.4	51.2	.....	9.43
Recovery	54.2	59.2	.....	7.29
Gilt Trust	42.9	44.9	.....	12.90

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.4	35.0	+0.1	1.07
Cres. Internat'l.	65.4	70.6	-0.1	2.48
Cres. High. Dist.	41.2	44.4	.....	10.86
Cres. Reserves	48.4	52.2	+0.1	5.74
Cres. Tokyo	21.3	23.0	.....	1.00

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	.....	11.90

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

Disc. Inc. Aug. 29	223.7	238.5	.....	5.50

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.3	19.1	+0.3	7.60
Gt. Winchester O'seas	23.8	25.4	+0.3	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.0	88.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100¹⁄₃₂	99¼	Exchequer 13pc 1980‡‡	99⅞	−⅛	13.10	15.51
99¾	96¾	Treasury 11½pc 1981‡‡	98⅞	......	11.68	15.60
96	90¾	Treasury 3½pc 1979-81	95¾	......	3.65	13.05
97⅞	93⅜	Treasury 9¾pc 1981‡‡	97⅜xd	......	10.01	14.82
96¼	91¼	Exch. 8¼pc 1981	95⅜	......	8.65	14.73
96⅞	92¼	Exch. 9½pc 1981	96⅛	......	9.88	14.07
93¼	85½	Exch. 3pc 1981	93½	......	3.21	10.22
99⅛	96½	Treas. Variable '81§§	98⅞	......	15.63	16.15
99¾	95⅞	Exch. 12¾pc 1981‡‡	98¼	+⅛	12.97	14.20
94⅞	88½	Treas. 8½pc '80-82‡‡	93½	+⅛	9.09	13.79
91	82½	Treasury 3pc '82‡‡	90¾	......	3.30	9.96

LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	58½	......	8.57	13.17
83½	73½	Alcan 10½pc '89-94	80	......	14.93	15.90
29¾	25	Met. Wtr. 3pc 'B'	27¼xd	......	11.06	13.16
103	89	U.S.M.C. 9pc 1982	103	+3	8.96	—
92	85½	Do. without Warrants	90½	......	10.19	13.90
		Financial				
99⅛	96½	FFI 13pc 1981	98⅞	......	13.21	16.78
101½	93½	Do. 14pc '83	98¼	......	14.25	14.65
88	79½	FFI(UK Fn)5½pcDb. '80-2	84½xd	+¼	6.51	14.54
82½	71½	Do. 6¼pcDb. '81-84	79	......	8.10	13.50
92	80½	Do. 10½pc Uns. Ln. '86	88½	......	12.05	14.00
91½	77	Do. 11pc Uns. Ln. '88	89	+½	12.62	13.40
93½	82	Do. 11¾pc Uns. Ln. '90	89½	−1	13.43	14.20
101	84½	Do. 12½pc Un. Ln. 1992	89½xd	......	13.96	14.40
66½	56	Do. 7¼pcADeb. '89-92	62½	......	12.00	14.15
66½	51½	Do. 7¼pcA Db. '91-94	59xd	+¼	12.28	14.00
76½	64½	Do. 9pc 'A' '91-94	69½xd	+½	12.94	14.00
71½	61	Do. 8¾pcLn. '92-97	66½	......	13.51	14.20

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	Cvr	Yld Gr's
22⅝	12¾	Hollinger $5	22¼	−⅛	s$2.20	—	3.7
11⅞	850p	Hudson's Bay ǁ	10¾xd	+1⅛	♦$1.20	—	4.2
14¼	925p	Hud.B.Oil G. $2½	12⅞	+⅛	b57½	—	1.7
21⅞	13⅛	Imperial Oilǁ	14⅞	−⅛	$1.40	—	3.6
14	855p	Incoǁ	10⅛	+⅛	72c	—	2.6
565p	425p	Int. Nat. Gas $1	560p	+15	$1.00	—	6.8
495p	265p	Massey Ferg.ǁ	335p	+15	—	—	—
200p	100p	Place Gas $1	105p	+3	—	—	—
14⅞	10⅝	Rio Algom	11⅞	−⅛	$1.50	—	4.8
20	14½	Royal Bk.Can. $2	19⅛	−¼	$2.56	—	5.1
25½	15⅞	Seagram Co. C$1	23¾	−⅜	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1	10⅞	−½	$1.44	—	5.0
10½	815p	Trans Can. Pipe	870p	+5	$1.16	—	5.0

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	87¼xd	+¼	6.27	14.37
85¼	72½	Do. 6pc 1981-83	83	......	7.36	13.11
67	58	N.Z. 7¼pc 1988-92	64¼	......	11.48	13.59
81½	72	Do. 7½pc '83-86	79½	......	9.62	13.00
96¾	88	Sth. Africa 9½pc '79-81	96¼	......	10.22	15.95
160	95	S. Rhod. 2½pc Non-Ass.	98	......	—	29.86
169	133	Do. 6pc '78-81 N.-As.	143	......	—	29.21

BANKS AND HIRE PURCHASE

BUILDING INDUSTRY—Contd.

ELECTRICALS—Continued

FOOD, GROCERIES—Cont.

CHEMICALS, PLASTICS

ENGINEERING MACHINE TOOLS

HOTELS AND CATERERS

DRAPERY AND STORES

INDUSTRIALS (Miscel.)

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

ELECTRICALS

FOOD, GROCERIES, ETC.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796
Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Bonn: Pressbaus 11/104 Heussallee 2-10. Telex: 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Tel: 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: Setanta Hse., Kildare St., Dublin 2. Telex: 747111 Tel: 779801 ext. 249
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128 Telex:8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044 Telex: 220044 Tel: 297 2000
Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603 Tel: 50 60 88
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920
Washington: 914 National Press Building, Washington D.C. 20045 Telex: 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex: 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4139
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381
Frankfurt: Frankenallee 68-72. Telex: 416193 Tel: 7598 1
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 238409 Tel: (212) 489 8300
Paris: Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044. Telex: 220044 Tel: 297 2000
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104 Tel: 295 4050

Overseas advertisement representatives in
Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments: Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	18	−1	—	—	—
138	52½	Bond Corp.	136	+12	‡Q2.8c	2.2	1.1
156	88	Bougainville I Kina	109	−1	‡Q6.2	1.8	12.3
265	195	BH South 50c	200	......	♦	—	—
356	230	CRA 50c	298	−6	Q15c	2.1	8.7
25	11½	Canada Northwest	18½	−½	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
180	78½	Anglo-Dominion	145	......	—	—	—
97	52	Barymin	65	......	—	—	—
17	12	Burma Mines 10p	13½	......	0.62	1.1	6.6
175	53	Colby Res. Corp.	175	+8	—	—	—
502	285	Cons. Murch. 10c.	300	......	†Q100c	1.8	19.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	400	+30	—	—	—
485	327	R.T.Z.	432	−10	15.0	3.2	5.0
33	16	Robert Mines	24	......	—	—	—
112	93	††SPO Minerals 10p	93	......	—	—	—
58	26	Sabina Inds. C$1.	34	+5	—	—	—
51	31	††SWCM 10p	35	+3	—	—	—
650	411	Tara Exptn. $1	520	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	33	......	Conv. 9% '80/82	£93	+⅛
Bertam	15	......	Nat. 9¾% 84/89	£82	+⅝
Bdg'wtr. Est. 50p	445	+5	Fin. 13% 97/02	£89⅞	+¾
Craig & Rose £1	£11	......	Alliance Gas	48	......
Fife Forge	35	......	Arnott	200	......
Finlay Pkg. 5p	19	......	Carroll (P.J.)	65	......
Graig Ship. £1	£12½	......	Clondalkin	120	......
Higsons Brew	75	......	Concrete Prods.	83xd	......
Holt (Jos) 25p	256	......	Helton (Hldgs.)	26	......
I.O.M. Stm. £1	159	−6	Ins. Corp.	275	......
Pearce (C. H.)	465	......	Irish Ropes	43	+3
Peel Mills	45	......	Jacob	33	......
Sheff. Refrshmt	103	......	T.M.G.	78	......
Sindall (Wm.)	140	......	Unidare	75	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	Property	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	5½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	Oils	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	52
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	Mines	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	28	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday September 2 1980

Chinese plan to reform economy

By Tony Walker in Peking

PLANS FOR a radical restructuring of the Chinese economy away from the rigidly centralised Soviet model are emerging from the National People's Congress — China's parliament—meeting in Peking.

Mr. Yao Yilin, head of the State Planning Commission, China's main economic planning body, announced the proposed changes in a long speech at the weekend. China's official media have been publishing sections of the speech over the past few days.

Most radical of the new measures is the unequivocal official encouragement to the operation of market forces in the economy.

"On condition that it ensures the supply of goods as required by the State," Mr. Yao said, "an enterprise may arrange its production plans according to market demand, or undertake tasks in co-operation with other units. It is also permitted to buy whatever it needs aside from material provided under the State plan."

Enterprises have hitherto been subject to rigid central control over purchasing, *marketing and investment* decisions. Now, said Mr. Yao, "all State-owned enterprises will have more power to make decisions on their own affairs."

He also urged competition among enterprises under the Socialist planned economy. This would "spur them to improve management, strengthen cost accounting, raise product quality and achieve better economic results."

Another important proposal is to make much greater use of banks as instruments of economic management instead of simply being, as they have been, repositories of savings.

Mr. Yao said banks would "be run independently. They should play their full role in economic development, extend loans and supervise the use of them in accordance with State policies, and make full use of interest rates."

He also said: "workers' congresses" would be established in "*all enterprises.*" *These* bodies, in effect trade unions, will have the right to "submit to the higher authorities proposals for removal of any leading member of the Administration who is not equal to his duty and they may elect leading personnel at appropriate levels step by step."

Ventures

The reforms being implemented nationally reflect *changes instituted in Sichuan* province, birthplace of Deng Xiaoping, the outgoing senior Vice-Premier, and the region in which Zhao Ziyang, the Premier-designate, has just ended a term as party secretary.

Mr. Yao foreshadowed sweeping reforms of the tax system. From this year, China will collect income tax from joint ventures involving Chinese and foreign investment, and personal income tax. At present, no Chinese pays tax.

From 1981, China will also experiment with a tax on funds provided to enterprises by the State. This, Mr. Yao said, was to promote the "rational use of assets." He also said the State would opt out of funding capital construction projects where possible. This would be the responsibility of the banks.

Mr. Yao proposed that rigid State planning quotas would be gradually abandoned in favour of allowing market forces to regulate *output. This may* prove to be the most radical measure of all.

"We should encourage market regulations under the guidance of the State plan," he said. "The State plan should bring about an overall balance. Some of the targets assigned to the enterprises are mandatory and therefore must be fulfilled. Targets of this kind will be reduced step by step.

"Except for those materials *which are important* and in short supply and must be distributed in a planned way, producer goods can be put on the market for free circulation. Except for those consumer goods requiring unified purchase and marketing or unified purchase and distribution, the State monopoly over the selling of such goods will be replaced by planned purchase, order or option."

Institutions' foreign earnings drop to under £1.9bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE OVERSEAS earnings of the City of London's financial institutions dropped by a fifth last year to just under £1.9bn, though they are expected to recover this year.

Central Statistical Office figures published yesterday in its annual survey of the balance of payments, known as the Pink Book, show that the financial institutions' net overseas earnings dropped in 1979 from £2.34bn to £1.86bn, much the same as in 1976 and 1977, though three times the level of the early 1970s.

The main change last year was the sharp drop from £664m to £109m in the net earnings of UK banking institutions. Interest payments on overseas sterling deposits with UK banks more than doubled, reflecting both the high level of interest rates and the attractiveness of sterling.

There was also a turnround of £390m on the balance of interest on borrowing and lending in foreign currencies. This may be partially the result of the end of exchange controls, which led to the repayment by British companies of £2bn of their foreign currency borrowings.

Some of this was repaid to UK banks cutting their receipts from lending in foreign currencies. Interest rate movements may also have played a part.

Insurance earnings fell slightly—by £58m to £944m—with Lloyd's underwriting revenue most affected.

In general, the rise in the value of the pound has reduced the sterling value of revenue earned from foreign currency operations, such as on overseas business written outside the UK by insurance companies.

Prospects

The income of most other City institutions rose last year, with *the Baltic Exchange increasing its earnings* from £153m to £200m.

The prospects for this year are reckoned to be better. *The Committee on Invisible* Exports, which represents Britain's main invisible earners, said in July that the overseas earnings (gross receipts net of expenditure incurred overseas) of the major UK service industries should grow by around 5 to 7 per cent in 1980.

In the committee's annual report Sir Francis Sandilands, its chairman, said most sectors should maintain, or slightly increase, their market share of world invisible trade. He said the biggest improvement was expected by the banking sector.

The only slight caveat is that the rise in overseas sterling deposits may mean a further drain of interest payments overseas. The pattern may also continue to be affected by the end of exchange controls.

The official figures show that the invisible surplus for last year has now been revised upwards from £993m to £1.54bn with the result that *the current account deficit for* 1979 is now estimated at £1.86bn compared with £2.32bn previously.

The invisibles surplus was, nonetheless, £625m less than in the previous year because of a rise in profit and interest payments due abroad, and because of the growing UK contributions to the EEC Budget.

The UK's deficit on visible trade with the rest of the EEC continues to *grow*—£2.75bn last year compared with £2.65bn previously. The rise in Government contributions to the Community partially offset an improvement in the private sector invisibles balance.

The surplus on services, interest, profit and dividends of the private sector and public corporations with the rest of the EEC rose from £1.3bn to £1.9bn last year. If interest is treated on a net rather than a gross basis the surplus rose from £903m to £1.2bn.

Details, Page 6

Peace formula for Grain dispute begins to emerge

BY JOHN LLOYD, LABOUR CORRESPONDENT

A FORMULA designed to smooth over the bitter inter-union dispute at the Isle of Grain power station construction site in Kent began to emerge among the unions concerned at the Trades Union Congress in Brighton yesterday.

The section of the TUC's *re*port dealing at length with Grain was passed yesterday afternoon with no intervention, therefore avoiding the public row many had feared.

Instead, the main unions—the General and Municipal Workers' Union on one side and the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trade Union on the other—appeared to have the basis for agreement, which will be explored at meetings later this week.

There are two major sticking points. One is the reluctance of the GMWU insulation engineers or laggers to work under the bonus ceiling laid down for skilled workers on the Isle of Grain project. The 27 laggers who started the dispute last October were dismissed for refusing to give up their high, open-ended bonuses.

Second, the AUEW and the EPTU have refused to allow their replacement laggers—brought in to complete the work on the first unit on Grain in place of the GMWU members—to be dismissed or redeployed.

Ceiling

The solution lies in the recent decision of the Central Electricity Generating Board to put out to tender the lagging work on unit three. The intention would be to hire GMWU laggers for the work, including those of the original 27 who wish to return.

The replacement laggers would continue work on unit one until it is completed, which will be soon.

At the same time, Mr. David Basnett, the general secretary of the GMWU, is believed to be prepared to accept the £4.60 bonus ceiling at Grain, as are the laggers who would work there.

The insulation contractors have already told the joint committee negotiating a new national contract for skilled labour on construction sites that they are willing to come within the scope of that contract. The contractors will attend the next meeting of the committee on October 8.

The two unions in the insulation industry — the GMWU and the Transport and General Workers' Union (in Scotland) — are still not committed, but are also likely to agree.

These moves taken together, would, if successful, largely remove the causes of the dispute.

A meeting of the TUC's General Council on September 24, which is to consider disciplining the AUEW and the EPTU for refusing to adhere to its recommendation on Grain, may therefore be faced with a *de facto* solution.

Consett bid by northern consortium

By Hazel Duffy, Industrial Correspondent

LAST-MINUTE attempts are being made by a group of businesmen in the North-East to save the Consett steelworks in Co. Durham.

The British Steel Corporation has said the works could close at the end of this week, but it is in any case scheduled to close with the loss of 3,700 jobs at the end of the month.

A meeting was held yesterday between officials in the steel division of the Department of Industry and two management consultant representatives of the embryo consortium, which calls itself the Northern Industrial Group.

The identity of the people who have been asked to join the group has not yet been revealed.

The talks were described by the department as "exploratory." They covered the possibility of BSC being persuaded to give Consett some breathing space to enable the consortium to determine the amount of support it can muster.

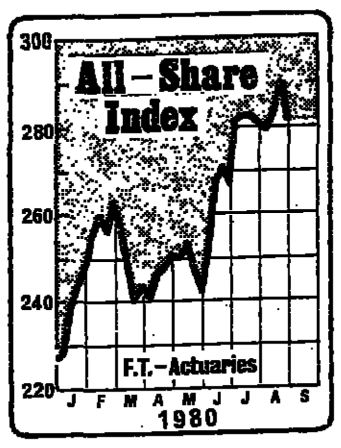
BSC has not yet been approached by the consortium's representatives, but if the matter is to be taken any further, the negotiations will have to be between the consortium and BSC.

THE LEX COLUMN

Grand Met bets on Coral

Grand Metropolitan's agreed offer values Coral at 101p per share, which is a very fat premium on yesterday's suspension price of 65½p, up 5½p. Admittedly Coral's shares have been a disastrous investment since the beginning of 1979, underperforming the All-Share Index by about 50 per cent. Still, the snap reaction of Grand Met's shareholders to the news may not be very enthusiastic.

Index fell 3.2 to 480.7



In strictly financial terms, the numbers stand up reasonably well. The bid will increase Grand Met's outstanding share capital by about a tenth—55m new shares, worth around £85m at current prices—and will involve little earnings dilution, even allowing for the very bad outcome likely from Coral this year. *The bid will not have* much of an impact on Grand Met's overall financial gearing, either. Coral's net worth last January amounted to £64m, and its debt to about £70m. But a revaluation now under way could increase Coral's net worth to about the bid price.

Of course the value of the casino business is an open question. But talks are still going on about the possible sale of the hotel side to a third party (Grand Met says it does not mind which way they go) which, apparently, sets an overal value of as much as £40m on these assets. The equity in the holiday camp side could be worth rather more than this to a bidder, and then there is the racing business—which makes profits of over £5m.

But the real reservation about what is obviously an opportunist bid concerns Grand Met's ability to wrestle with Coral's problems so soon after its very major U.S. acquisition. The bidder says that most of Coral's businesses are well managed and fit in with its existing activities. Yet this still looks like quite a mouthful.

Matsushita

The share issue announced yesterday by Matsushita Electric is the latest and biggest in a spate of public offerings by Japanese companies. The price has yet to be finalised but could be set at a discount of, say 6 or 7 per cent to the market, which would raise Y42bn (getting on for U.S.$200m) at current prices. That, claims Matsushita, would make it the biggest public issue of common stock in the history of Japanese industry.

One obvious explanation for the recent flurry of such issues is the strength of the Japanese stock market. There has also been a rush to get in ahead of proposed changes in the rules covering public offerings, which *could make it more difficult* for companies to raise new equity without giving first crack to their shareholders. There are, apparently, to be no preferential rights for existing holders in the Matsushita offer.

The company has no pressing need for new funds. Admittedly its capital spending could double in 1980 from the Y70bn or so of the last three years. But it has a strong and liquid balance sheet. Net operating cash flow amounted to nearly Y170bn last year, and a strong rise in sales of video recorders could help to push net income up by roughly a quarter in 1980. On this basis, the p/e at Y739 could be around 7.

Linfood

Linfood has comfortably exceeded the forecast at the time of its April rights issue of pre-tax profits of £9.5m, with an outturn for the year of £10.2m. But trading seems to have been markedly more difficult in the second half, which underlines the company's statement that its main effort this year will be directed simply to maintaining margins. Turnover in the second half has risen by less than a tenth compared with the depressed corresponding period last year, against a first half gain of 19 per cent. Similarly, a 70 per cent pre-tax gain in the first half has been followed by an 11 per cent improvement in the second. Nevertheless, the shares rose 5p yesterday to 159p, to produce a yield of about 10½ per cent.

Probably about a third of the potential cost benefits flowing from the merger with Wheatsheaf have been realised. The integration of the cash and carry operation will be completed next week, while the aim is to eliminate duplication in the wholesale business by early next year. At the same time Carrefour's profits have doubled, probably to about £2m, while the overseas operation has produced a profit for the first time. Pre-tax profits may emerge in the £12m-£13m region, which means that earnings per share will be little changed after dilution. The prospective p/e is about 11½, fully-diluted and fully-taxed.

FAS 8 rethink

Essentially the U.S. accounting standard on currency translation, FAS 8, has become a victim of American inflation and the parallel weakness of the dollar. A standard that might *have been tolerable* had the dollar been strong and stable has produced unacceptable distortions *in practice.* There *will be few laments outside* the U.S. at its proposed withdrawal and replacement by the much more realistic net investment system embodied in the new exposure draft now published by the Financial Accounting Standards Board.

But the FASB itself remains divided, and there is bound to be substantial resistance in the U.S. to various aspects of the *draft standard. The departure* from strict historical dollar cost valuation principles, for instance, wil not be easily swallowed by the more conservative elements in the U.S. accounting profession. Nor will the proposal to bury most exchange differences as movements in reserves rather than as income items.

Assuming that the new standard gains approval (and in any event it will not be mandatory until the 1982 financial year) one big headache for U.S. security analysts will be removed. Outside the U.S., there will be great relief at the Royal Dutch/Shell Group, which has of course played a leading role in the campaign to overturn FAS 8. The U.S. change of heart also clears the way to the adoption of a similar standard in the UK, though the impact on reporting practices here is going to be only small.

Internationally, the real significance lies in the achievement of an important step towards harmonisation of accounting principles. There will now be hopes that the U.S., the UK and Canada will be able to come close together in other controversial areas like accounting for leasing and pensions. It is not clear, however, whether the Continental Europeans will react to such Anglo-American moves positively.

India depends on foreign loans

BY K. K. SHARMA IN NEW DELHI

INDIA will depend heavily on foreign borrowing for a Rs 1,560bn (£85bn) five-year investment programme announced yesterday by Mrs. Indira Gandhi, the Prime Minister, to foster economic growth of 5.3 per cent a year up to 1985.

The investment programme involves a record public sector contribution of Rs 900bn, a sum admitted to be far beyond the capabilities of India's Federal and State Governments.

The plan includes targets of 8 per cent to 9 per cent average annual growth for industrial production, 4 per cent growth in agriculture and 10 per cent growth in exports.

Industrial growth is expected mainly in steel, non-ferrous metals, capital goods, fertilisers and petrochemicals — all areas where a high level of foreign financial participation can be expected.

After a disastrous year in 1979, when monsoon failure ruined harvests, and severely disrupted industry the Government urgently needs to restore economic growth.

As a result, a significant proportion of the planned investment will go into the coal, power and transport sectors. Agricluture has already had a fillip, with a good monsoon promising a bountiful harvest.

Details, Page 3.

Continued from Page 1

Poland

in the area came as late as last Thursday. Talks with representatives of the estimated 30,000 striking workers should end quickly on the lines of the Gdansk settlement.

But the miners have also added a few demands of their own, of which the most difficult for the authorities to agree to will be the demand for an end to Sunday working. The authorities are introducing a four-team labour system which means that the pits will work 24 hours a day.

The shift system gives miners two days off every six days, but this means that few Sundays a year are free. The introduction *of this system is crucial if* the ambitious production targets of up to 235m tonnes of coal output in 1985 is to be reached.

Meanwhile in Gdansk, the new independent trade union held its founding meeting.

In Warsaw the authorities had by the evening released all the dissidents arrested over the past few weeks. This had been one of the Gdansk workers' conditions.

Continued from Page 1

Currency translation

this rule has been criticised on the grounds that it seriously distorts company accounts and produces fluctuations in earnings that bear no relation to economic reality.

The revision, if approved, would make two fundamental changes to FAS 8.

First, it would require the use of current exchange rates to calculate translations of foreign currency: assets and liabilities would be converted at the closing rate at the balance sheet date, while revenues and expenses would be calculated at the average rate for the year.

At present FAS 8 requires that current assets and liabilities as well as long-term debt be translated at the rate applicable on the balance sheet date. However, tangible assets such as inventories, property and plant and equipment must be translated at the rate prevailing when they were acquired.

Second, the new version would change the way in which most adjustments due to exchange rate fluctuations are recorded: gains or losses would be charged to shareholders' funds except for the results of specific foreign currency transactions which would be included in the income statement. Under FAS 8 all adjustments must be taken to income.

The method means that equity could fluctuate significantly and the FASB has been studying the possible impact of this on U.S. stock market prices.

The proposed U.S. rule was approved by a margin of only one vote by the seven-man board, a reflection of the controversy that still surrounds FAS 8. The dissenters wanted fewer *changes, though they were not* united on what these were to be.

Currency translation is an area which displays great diversity in current practice in multinational company accounts in the UK and around the world. Only in the U.S. where quoted companies are required to follow the pronouncements of the FASB, is there any standardisation in company factors.

Unions to fight labour laws

Continued from Page 1

secret ballots, he said in a reference to the engineers and electricians, who have declared that they see nothing wrong in doing so.

The threat of expulsion from the TUC for unions who take the money was not contained in the resolution carried yesterday, but there will be considerable pressure on the General Council to discipline any unions that step out of line.

Alluding to the measures designed to loosen closed shops, Mr. Scargill warned: "If they introduce non-unionists into the mining industry, we shall stop work the very next day."

The TUC's argument that the Act *goes in* many respects as far as the Conservatives' last attempt to regulate the unions was set out by Mr. Harry Irwin, of the Transport Workers, who has been leading the union talks with Mr. James Prior, Employment Minister.

Mr. Irwin called the Act a "devious and dishonest piece of legislation" and said that if the same laws applied in Poland the strikers there would have been liable for punitive damages. The right to strike for British trade unionists was more narrowly defined than in any other country.

Mr. Prior seemed to regard trade union leaders as "stout fellows, but a bit dull" who could be won over with a bottle of Beaujolais and a T bone steak, Mr. Irwin said.

Weather

UK TODAY

CLOUDY, RAIN spreading from the West, brighter showery conditions later.

London, C., C.N., C., and S.E. England, E. Anglia, E. Midlands, Channel Isles

Sunny at first, cloudy with rain later. Warm.

W. Midlands, S.W. and N.W. England, N. Wales, Lake District

Cloudy, rain spreading from the West, brighter later.

Most of Scotland

Cloudy, rain at first, brighter and showery later.

N.E. England, Edinburgh, Dundee and Aberdeen

Cloudy, rain spreading from the West, brighter later.

SEPTEMBER FORECAST: Settled, the North more changeable, all areas with stormy days later. Temperatures and sun*shine near average, in South.* Rainfall below average but near average in North-West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Lisbon	S	28	82
Algiers	S	27	81	Locarno	S	26	79
Amsdm.	F	18	64	London	S	21	70
Athens	S	27	81	Luxmbg.	C	15	59
Bahrain	S	38	100	Luxor	S	39	102
Barclna.	S	26	79	Madrid	S	30	86
Beirut	S	29	84	Majorca	F	29	84
Belfast	S	19	66	Malaga	C	27	81
Belgrd.	F	20	68	Malta	S	27	81
Berlin	C	16	61	M'chstr	S	18	64
Biarritz	S	24	75	Melbne.	R	14	57
Bmghm	S	19	66	Milan	S	26	79
Blackpl.	S	19	66	Mntreal	R	21	70
Bordx.	S	23	73	Moscow	C	11	52
Boulgn.	S	18	64	Munich	C	11	52
Bristol	S	19	66	Nairobi	F	24	75
Brussels	F	18	64	Naples	S	27	81
Budpst.	F	19	66	Nwcstl.	F	21	70
Cairo	S	34	93	N. York	S	24	75
Cardiff	S	19	66	Nice	S	27	81
Cas'b'ca	S	25	77	Nicosia	S	29	84
Cape T.	S	18	64	Oporto	S	29	84
Cologne	C	17	63	Oslo	S	19	66
Cpnhgn.	S	16	61	Paris	F	19	66
Corfu	S	26	79	Perth	C	17	63
Dublin	F	19	66	Prague	C	13	55
Dbrvnk.	S	25	77	Reykjvk.	R	12	54
Ednbgh.	C	19	66	Rhodes	S	27	81
Faro	S	26	79	Rome	S	27	81
Florence	S	29	84	Salzbrg.	R	12	54
Frankft	C	16	61	Singapr.	F	30	86
Funchal	F	25	77	Stckhm.	S	18	64
Geneva	F	19	66	Strasbg.	C	18	64
Gibrltr.	F	26	79	Sydney	S	23	73
Glasgow	C	18	64	Tangier	S	32	90
G'rnsey	S	17	63	Tehran	S	34	93
Helsinki	S	17	63	Tel Aviv	S	28	82
H. Kong	C	28	82	Tenerife	S	33	91
Innsbrk.	F	18	64	Tokyo	C	28	82
Invrnss.	F	21	70	Tunis	S	29	84
I.o.Man	S	16	61	Valencia	F	27	81
Istanbul	S	25	77	Venice	S	23	73
Jersey	F	19	66	Vienna	R	15	59
Jo'burg	C	21	70	Warsaw	R	13	55
L. Plms.	S	27	81	Zurich	F	15	59

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.